The Dynamics of Organizational Autonomy: Oscillations at Automobili Lamborghini

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ABSTRACT

Through a 21 year longitudinal study of the relationship between Italian supercar manufacturer Automobili Lamborghini and its parent, German car maker Audi AG, we examine how a unit's degree of organizational autonomy can change over time. From this data we develop a process model of the dynamics of organizational autonomy in a unit-parent relationship. This model shows a dialectical tension, between parent managers' autonomy reduction efforts and the acquired unit managers' autonomy extension efforts, and reveals oscillations in the unit managers' discretion over resource orchestration decisions. This dialectic is driven by parent managers' appraisal respect for the acquired unit and their search for firm-wide strategic integration, and by unit managers' organizational identity and concern for distinctiveness. Our process model captures concurrent feedback loops which endogenously produce these oscillations, between lower and higher autonomy. We then conceptualize a harmonic domain in the unit-parent relationship within which these oscillations occur and persist without bifurcating towards amalgamation or separation. Finally, we develop a theory of change in autonomy through identifying a theoretical hinge between decisions of resource orchestration and specific dimensions of organizational identity. Our study highlights the dialectical, dynamic, and ongoing nature of organizational autonomy.

Keywords: organizational autonomy, resource orchestration, organizational identity, strategic vision, dynamics, post acquisition integration, process theory

Organizational autonomy is a pivotal concept and concern in management and organization literature (Brunsson and Sahlin-Andersson, 2000). Across levels of analysis (i.e., teams, departments, divisions, subsidiaries) within the ultimate owning unit, or parent organization (Pugh, Hickson, Hinings, and Turner, 1969), a key question of organizational design is the degree of autonomy a unit ought to have over its resource orchestration decisions (Pennings, 1976; Puranam, Singh, and Zollo, 2006). Since Chandler (1962) extended and examined the notion of autonomy to businesses within a corporation, the literature has studied the strategic implications of the degree of organizational autonomy in a unit-parent relationship.

The degree of organizational autonomy becomes a salient issue the moment organizational units are defined within a broader organization, or a firm is integrated into a new parent organization. This focuses attention on the strategic tension that can arise in the unit-parent relationship between parent managers - eager to achieve firm-wide economies of scope, transfers and integration across units (i.e., reducing a unit's organizational autonomy) - and unit managers - who may have opposite expectations to protect their idiosyncracies and their managerial discretion over their resource orchestration decisions (i.e., preserving or extending their organizational autonomy). Resolving this tension, by determining the appropriate degree of a unit's organizational autonomy, is commonly recognized as a fundamental, yet very challenging, dilemma (e.g., Raisch and Birkinshaw, 2008). Thus, organizational theorists have explored conditions that drive choices between low and high autonomy (e.g., Astley and Zajac, 1991; Birkinshaw, Hood, and Jonsson, 1998; Ambos and Schlegelmilch, 2007). Even if different literatures adopt broad and sometimes inconsistent definitions of organizational autonomy (Wiedner and Mantere, 2019), they converge on one point. These studies have therefore been rather static in nature and overlook the dynamics of organizational autonomy. They contribute to examine how organizations address this tension by finding, at a point in time, an appropriate degree of organizational autonomy for units depending on contemporary

contingent variables. They fail to offer insights into the process dynamics generated by the tension over organizational autonomy or its resulting evolution or trajectory over time (Ambos, Asakawa and Ambos, 2011). They ignore potential fluctuations in the autonomy trajectory co-created by the unit's and parent's managers change initiatives. Hence, we have a limited understanding of the process through which managers, especially the subsidiary unit's managers, can leverage their agency to extend their discretion over the orchestration of their unit's resources. This assessment is even more acute when a unit does not possess resources sufficiently scarce and valuable to establish bargaining power within the organization and, thus, gain autonomy from the parent's managers. The trajectory of a unit's organizational autonomy over time, and its underlying dynamics, have been overlooked.

This gap is important as both unit and parent evolve over time, creating a managerial challenge around the required change in the degree of organizational autonomy. Due to the key role of organizational autonomy, its dynamics are significant for a firm's strategic evolution. However, ignoring this dynamic view constrains research and leads to recommendations based on a partial understanding of the processes by which a unit's organizational autonomy changes. It also neglects the agency role of unit and parent managers in these processes, limiting potential managerial recommendations for both. Hence, we address this gap by studying the following research question: how can a unit's degree of organizational autonomy change over time?

We examine this question by theorizing the dynamics of organizational autonomy based on a longitudinal qualitative analysis of Italian supercar manufacturer, Automobili Lamborghini since its 100% acquisition by German car maker, Audi AG, in 1998. Over the 21 years that Lamborgini has been a subsidiary unit of Audi, this initially small and distressed company has experienced significant variations in its degree of organizational autonomy. Its organizational autonomy trajectory presents several peculiar reversals that existing theories cannot fully

explain. Our main research objectives are to capture the trajectory over time of a unit's degree of organizational autonomy and to provide an explanation for how the decisions of both unit and parent managers drive, and co-create, this process. Our process theorizing relies on fine-grained empirical data to reveal dialectical and recursive relationships between specific dimensions of strategic integration, resource orchestration, and organizational identity. These recursive relationships endogenously explain how managerial decisions and actions on both sides of the relationship can generate oscillations in a unit's degree of organizational autonomy over time. We then define a harmonic domain of organizational autonomy where a unit's resource orchestration decisions may oscillate without diverging to the extremes of either complete amalgamation with, or complete separation from, the parent organization. These findings move the currently polarized conversation on organizational autonomy, between the benefits of low and of high autonomy, towards recognizing and understanding the importance of dynamic fluctuations and reversals initiated by managerial agency.

ORGANIZATIONAL AUTONOMY

A unit's organizational autonomy is a fundamental design choice that precedes in importance other organizational design decisions, such as those on organizational processes (Thompson, 1967; Galbraith, 1977). As a key cross-level characteristic of the relationship between a unit and the broader organization to which it belongs, this choice is strategically important because it reflects the nature and intensity of coupling within an organization (Weick, 1976). Organizational autonomy is a scale-free concept (Andriani and McKelvey, 2009): a unit-parent relationship can exist at multiple levels of analysis at which a unit is ontologically defined and included within some organizational boundaries at the next level up (i.e., parent); e.g., teams within a functional department, functional departments within a division, divisions or subsidiaries within a firm. However, as summarized by Wiedner and Mantere (2019:3), despite being a foundational construct, "organizational autonomy is rarely explicitly defined

in management and organization theory". It is commonly associated with other organization design concepts, such as independence, control, participativeness, communication, influence or decentralization, even if they are different constructs (see Aiken and Hage, 1968; Pennings, 1976; Oliver, 1990; Wiedner and Mantere, 2019). In fact, the notion of organizational autonomy has often been viewed "as a broad, all-encompassing concept" (Cavanagh et al., 2017:173). This lack of clarity limits our theorizing.

Organizational Autonomy as Managerial Discretion in Resource Orchestration

To overcome this issue, Wiedner and Mantere (2019:4), focusing on organizational practices, provide a definition of organizational autonomy as "performing organizational practices without explicit direction or approval from others." It requires the capacity of a unit's managers to exercise discretion in their decisions and actions specifically vis-à-vis the parent organization (Pugh et al., 1969), which has the formal and legal power to grant this autonomy. Pennings (1976:690) defined organizational autonomy as "the discretionary power of an organization with respect to elements of its environment, such as, the parent organization." Brunsson and Sahlin-Andersson's (2000:723) and Oliver (1990) similarly emphasized this discretion in their definitions, especially related to a unit's freedom to make its own decisions about its resources management. Therefore, granting or reducing autonomy to an organizational unit means that the parent managers promote or restrain the capacity of the unit's managers to exercise discretion over how to perform their strategic activities – i.e., discretion over the management of their unit's resource orchestration.

Resource orchestration refers to the resource-focused, configurational decisions and actions of managers to create and maintain competitive advantage and customer value (Helfat and Peteraf, 2003; Sirmon, Hitt, and Ireland, 2007; Sirmon et al., 2011; Helfat and Martin, 2015; Fainshmidt, Smith, and Guldiken, 2017). As part of the dynamic managerial capabilities literature (Helfat and Martin, 2015; Schilke, Hu, and Helfat, 2018), it provides a

conceptual framework which emphasizes managerial discretion and specifies the decisions and actions related to a firm's resources (Sirmon et al., 2011; Helfat and Peteraf, 2015). These managerial actions encompass the structuring of the resources portfolio through acquiring, accumulating, and divesting resources; the bundling and integrating of resources to form capabilities; and the leveraging of resources to take advantage of market opportunities (Helfat and Martin, 2015). Hence, a unit's degree of organizational autonomy is the extent of its managerial discretion over these strategic dimensions of resource orchestration.

The Organizational Autonomy Dilemma

Research on organizational autonomy emphasizes the strategic dilemma inherent in finding an appropriate level of autonomy between the two extremes of null and complete autonomy. This dilemma has been explored from three conceptual angles by considering either strategic imperatives, intra-organizational power, or organizational bargaining between unit and parent managers. However, static analyses have dominated these studies which has led to a dearth of dynamic studies on the organizational autonomy dilemma.

Three perspectives on the organizational autonomy dilemma. The strategic imperative perspective of organizational autonomy builds upon the contingency theory of organizational structure (Astley and Zajac, 1991; Donaldson, 1996). Since all units are related to provide a specified end, a unit's degree of organizational autonomy depends on the organizational alignment of the firm's system of operations (Astley and Zajac, 1991) with the firm's strategy to maximize organizational performance (Govindarajan, 1988; Birkinshaw and Morrison, 1996; Donaldson, 1996). The degree of organizational autonomy must allow the required amounts of exploitation and exploration of strategic resources across the firm. Low autonomy undermines a unit's exploration but favors exploitation and synergies, whereas high autonomy does the opposite (Puranam, Singh, and Zollo, 2006; Raisch and Birkinshaw, 2008). Ideally, firms should aim to do both for their long-term survival, and reconcile the polar benefits of

low or high autonomy, as per the concept of ambidexterity (O'Reilly and Tushman, 2013). A possible way for a firm to address this duality is to achieve a sequential ambidexterity, or organizational vacillation (Boumgarden, Nickerson, and Zenger, 2012), by shifting the firm's structure and organizational autonomy of its units over time between exploitation and exploration (Duncan, 1976; Tushman and O'Reilly, 1996). However, it is not clear how these processes of change occur and "what the transitions look like… the research being not fine-grained enough to provide much insight" (O'Reilly and Tushman, 2013:327).

The intra-organizational power perspective sees decisions on organizational autonomy, and more broadly organizational design, as an intra-organizational power play (Astley and Zajac, 1991). Structural conditions determine whether a unit has more or less power, and accordingly autonomy, in the organization's system of interdependent units (Hickson, Hinings, Lee, Schnek and Pennings, 1971). A unit's intraorganizational power (and autonomy) increases with its ability to deal with uncertainty, a lower substituability of its activities, and a higher centrality in the organization's system (Hickson et al., 1971; Pennings, Hinings, Hickson, and Schneck, 1974). Resource dependency theory (Pfeffer and Salancik, 1978) emphasizes a similar view: an organizational unit derives heightened power from its control of strategic resources and its network centrality within the corporation (Astley and Zajac, 1991; Medcof, 2001; Ambos and Schlegelmilch, 2007). Hence, the parent may grant organizational autonomy to accommodate the intra-organizational power balance.

The organizational bargaining perspective focuses on the bargaining relationship between the parent's and unit's managers for managerial discretion. Two types of analysis exist. First, some analyses consider that a unit's managers are linked in an agency relationship with the parent organization's managers (Scharfstein and Stein, 2000). For instance, Hoenen and Kostova (2015) consider that subsidiary-headquarter relationships are of an agency nature, where the subsidiary's managers act as agents on behalf of the headquarters, mainly trying to

prioritize the unit's self-interests. However, beyond the necessary adaptations for some of agency theory's key assumptions to hold in this intraorganizational context - i.e., goal conflicts, risk preferences, and agency problems - (Saam, 2007; Hoenen and Kostova, 2015), these analyses do not clearly explain how the unit managers' autonomy initiatives are developed and why they can be positively or negatively received by the parent managers (Cavanagh et al., 2017).

Second, another recent perspective emphasizes the role of organizational respect, or the worth that interdependent actors mutually hold for each other (Rogers, Corley, and Ashforth, 2017), between the unit's and parent's managers. In their theorizing of organizational separation, Wiedner and Mantere (2019) found that mutual respect between organizational actors, in the forms of positive recognition and appraisal respects, contribute to organizational autonomy and its changes. Recognition respect refers to the actors' beliefs that another organization's actors will recognize the interests of all interdependent parties when exercising their discretion. Appraisal respect refers to the positive appreciation by some actors for behaviors of other actors that signal their competent performance of particular activities or their efforts to achieve competence (Wiedner and Mantere, 2019).

Hence, organizational bargaining approaches highlight the roles and agencies of a unit's and parent's managers (Birkinshaw, Hood, and Jonsson, 1998). They emphasize that there is scope for organization members to negotiate autonomy within, and also shape, strategic and structural conditions. They also suggest a dilemma in how to address an inherent tension between headquarter's efforts to limit unit autonomy, and a unit's managers' efforts to increased their unit's organizational autonomy, through taking initiatives and through negotiation to increase parent managers' organizational respect for the unit (Ambos, Asakawa, and Ambos, 2011). Hence, diverging goals create an autonomy tension characterized by continuous negotiations on autonomy between the unit and the parent

managers (Mudambi and Navarra, 2004).

Shifting to dynamic studies. These three theoretical perspectives (contingency theory, organizational ambidexterity, and intra-organizational power/organizational bargaining/agency theory?) have largely studied the autonomy dilemma, and a unit's degree of organizational autonomy, from a static standpoint (Ambos, Asakawa, and Ambos, 2011). They examine the extent of a unit's autonomy on which an organization settles, at a period of time, depending on existing contingencies. This static approach assumes that, once an appropriate level has been found, an autonomy equilibrium persists. For instance, organizational power explains a unit's degree of organizational autonomy at a specific point in time, but ignores how this degree of autonomy might evolve. Changes in autonomy would require corresponding changes in strategic resources but, according to this perspective, they are only possible if the unit's managers first obtain additional autonomy. How can a unit's managers gain organizational autonomy if their unit does not have strategic resources from which to derive bargaining power? Would organizational autonomy be a prerequisite for building such resources? Even studies using agency theory have not explained how unit managers' autonomy change initiatives are developed and received by the parent managers. A dynamic perspective on organizational autonomy remains to be carefully considered.[1]

Understanding this dynamic requires studying processes which explain how the autonomy tension plays out and changes over time to create an autonomy trajectory. This research question echoes recent attempts by a few process studies that explored different dynamics related to organizational structures or strategic dualities and emphasized the need to move away from cross-sectional research and pay more attention to change, time and process (Birkinshaw, Crilly, Bouquet, and Lee, 2016; Mees-Buss, Welch, and Westney, 2019). For

[1] Wiedner and Mantere's (2019) study on organizational separation processes is an exception. They study how changes in organizational autonomy, leading to independence between two entities, are generated by mutual respect in the case of an organizational separation.

instance, these studies identified typologies, iterative cycles of disruption and reinforcement (Mees-Buss, Welch, and Westney, 2019), or a sequence of changes through stages (Birkinshaw, Crilly, Bouquet, and Lee, 2016) experienced over time by a firm in some of its organizational forms or logics. As they focus on different research questions and phenomena, they cannot usefully illuminate how the specific dynamics of organizational autonomy unfold. Moreover, they do not investigate the antecedents of a cycle or the processes of internal bargaining that precede a decision to move from one cycle to the next, but instead highlight these points for future research (Mees-Buss, Welch, and Westney, 2019; Ambos, Fuchs, and Zimmermann, 2020). Yet, as suggested by the organizational bargaining perspective, such processes are probably central in understanding an organizational autonomy dynamic. Therefore, exploring the organizational autonomy dynamic requires specific process research to understand how the tension between the unit's and parent's managers on organizational autonomy can evolve according to their respective initiatives, which co-create a trajectory.

What could explain such dynamics? As organizational autonomy is about managerial discretion in resource orchestration decisions, tensions could evolve depending on changing resources or strategic objectives. However, as Boumgarden, Nickerson, and Zenger (2012) demonstrate, these changes cannot be solely induced by exogenous changes in the environment but need to be driven by managerial strategic intentions. A key task of managers is to try to identify when such changes must occur. Yet, many factors may influence these strategic intentions which are enacted through organizational autonomy changes. For example, organizational identity may have an influence, as strategy and organizational identity are deeply entangled (Ravasi, Tripsas, Langley, 2020) and organizational identity can act as a filter for managers' strategic decisions (Tripsas, 2009). The bargaining perspective of organizational autonomy can suggest other tensions related to managerial incentives, risk attitudes, self-interest, or organizational respect. Additionally, emotional and defensive

responses (Wiedner and Mantere, 2019), or coping cognitive tactics (Wenzel, Cornelissen, Koch, Hartmann, and Rauch, 2020) of unit or parent managers to these tensions could influence this dynamic. While, conceptually, several ideas could jointly influence the tensions and dynamics of organizational autonomy, a detailed empirical explanation of these tensions, their underlying mechanisms or how they can interact and evolve, is needed to further advance our theories on organizational autonomy.

The Dynamics of Organizational Autonomy: A Process Theorizing

Our aim is to better explain the temporal dynamics of organizational autonomy with a long-term and detailed process study on the trajectory of a unit's organizational autonomy. We base our process theorizing on a longitudinal single case of an acquired unit and its parent, to capture the agency of both the unit and parent managers in their ongoing relationship.

The context of an acquired unit is especially relevant as it involves two organizations that were initially independent, capturing the organizational autonomy dynamic between both entities since its inception. However, we theorize the dynamics of organizational autonomy both during and *after* the post-acquisition integration period, thus extending its relevance beyond merger and acquisition (M&A) contexts to broader multi-unit settings.

The organizational autonomy dilemma is particularly important in the context of an acquisition as success depends on establishing, during the post-acquisition integration, the requisite degree of a target's organizational autonomy (Graebner, 2004) to enable the successful reconfiguration of resources between the acquiring and acquired firms (Haspeslagh and Jemison, 1991; Capron and Mitchell, 1998; Capron, Mitchell, and Swaminathan, 2001; Sears and Hoetker, 2014). Contrary to the two extremes types of preservation or absorption M&A deals[2] (Haspeslagh and Jemison, 1991), the autonomy dilemma is salient in a symbiotic

[2] The M&A literature considers three main types of deals: preservation, absorption, and symbiotic (Haspeslagh and Jemison, 1991). Preservation M&A deals focus on preserving intact the target through a low emphasis on resource sharing and capability transfers; leading to high autonomy. In absorption deals, the endstate is amalgamation: no elements ultimately remain that could make the target firm distinguishable from the parent; implying no autonomy.

acquisition as its strategic purpose is the exploitation of specific resources embedded in the target's organization (Birkinshaw, Bresman, and Håkanson, 2000). After the acquisition, low unit autonomy improves coordination and firm-wide synergies but has adverse effects upon resource exploration or innovation (Puranam, Singh, and Zollo, 2006); whereas a high level of autonomy does the opposite. Hence, symbiotic deals epitomize the complexity and challenge of managing the organizational autonomy dilemma.

The normative advice of post-acquisition integration studies for a symbiotic acquisition is a unidirectional sequential approach: temporarily allowing a high degree of target autonomy, as an opportunity for mutual learning and trust between both organizations, before reducing its autonomy (Graebner, 2004) until full integration, because "the whole process must lead to true amalgamation" of the target (Haspeslagh and Jemison, 1991:231; Graebner et al., 2017:5). Similarly, a few process studies (e.g., Haspeslagh and Jemison, 1991; Birkinshaw, Bresman, and Håkanson, 2000) perceive this process as both a unidirectional progression towards less autonomy through two increasingly integrated stages, and as unilaterally dependent on the acquirer's actions (Graebner et al., 2017), thereby overlooking the role of target managers. Previous post-acquisition integration studies ignore potential fluctuations in the autonomy trajectory created by change initiatives from acquirer and acquired companies to influence resource reconfiguration (Rouzies, Colman, and Angwin, 2018). Despite a particularly suitable context to explore the dynamics of organizational autonomy, M&A studies share the same limitation as broader organizational autonomy research.

Our process theorizing is grounded in our longitudinal analysis of Automobili Lamborghini, whose 'raging bulls'[3] were on the brink of extinction before its acquisition by Audi AG in 1998. We study Lamborghini's degree of organizational autonomy vis-à-vis its parent from the beginning of the acquisition by Audi of this distressed company. The

[3] Ferruccio Lamborghini was fascinated with Spanish fighting bulls and chose a "raging bull" as the logo for the Automobili Lamborghini company which he founded in 1963.

symbiotic post-acquisition integration phase saw Lamborghini's degree of autonomy decrease gradually and significantly over eight years until 2007, when it regained significant autonomy over its resource orchestration. Instead of decreasing inevitably towards complete amalgamation, Lamborghini's organizational autonomy trajectory has been much more dynamic, with reversals that current theories cannot adequately explain. This case is an extreme exemplar (Eisenhardt and Graebner, 2007) of a distressed company that regained autonomy and did not amalgamate after a symbiotic acquisition.

We next foreshadow conceptual elements that emerge as central components of the process model that developed from our longitudinal analyses. Building on the organizational bargaining perspective, our analyses focus on managerial agency and the mechanisms used by the unit's and parent's managers during their ongoing autonomy bargaining. Their opposite initiatives create a dialectic over resource orchestration decisions, and our findings show that a unit's organizational identity can play a crucial role in this dialectic. Hence, we briefly present these theoretical dimensions (i.e., resource orchestration, organizational identity, and dialectics) required to fully convey our grounded process model.

Resource orchestration perspective. Defined as managerial discretion over resource decisions (e.g., Oliver, 1990; Brunsson and Sahlin-Andersson, 2000), the concept of organizational autonomy can be nested within the resource orchestration perspective. It emphasizes managerial discretion in the selection, configuration, and modification of resources, and brings a relevant conceptual angle to structure and analyze managerial decisions and actions regarding resources (Helfat and Peteraf, 2003; Sirmon, Hitt, and Ireland, 2007; Sirmon et al., 2011; Helfat and Martin, 2015). What is important for value creation is not the mere presence of resources but how managers are deciding and acting on them (Sirmon, Hitt, and Ireland, 2007; Sirmon et al., 2011; Helfat and Peteraf, 2015). Finally, the resource orchestration perspective is inherently dynamic as it emphasizes how these

managerial decisions and actions change a firm's resources through decisions related to resource reconfiguration, creation, and retrenchment (Sirmon et al., 2011; Helfat and Martin, 2015), and thus belongs to the dynamic capabilities literature (Schilke, Hu, and Helfat, 2018).

Organizational identity. Resource decisions enact strategic intentions which are deeply intertwined with organizational identity (Ravasi, Tripsas, and Langley, 2020). Organizational identity is defined as an organization members' collective understanding of the features that are central, relatively permanent, and distinctive about the organization. It distinguishes the organization from other organizations (Albert and Whetten, 1985). Yet, an organizational identity has some fluidity (Gioia, Schultz, and Corley, 2000) as organizational members often reinterpret the past to align with the way they see themselves in the present and the future (Gioia, Corley, and Fabbri, 2002; Kaplan and Orlikowski, 2013). Ravasi, Rindova and Stigliani (2019) emphasize that organizational members leverage the past to make sense of "who they are" in the present (Ravasi and Schultz, 2006) and make claims about "who they are becoming and want to be" as an organization in the future (Schultz and Hernes, 2013).

The notion of organizational image, which takes into account the perspective of outsiders, plays a key role in this process and has two important dimensions for our theorizing. The construed external image corresponds to the perception that members have of how outsiders perceive the organization. The desired future image corresponds to the perception that managers would like both internal members and outsiders to have of the organization in the future (Gioia, Schultz, and Corley, 2000). By leveraging their cumulative achievements (Rindova et al., 2005; Scott and Walsham, 2005; Rindova, Petkova, and Kotha, 2007), managers project a desired future image which communicates a strategic vision to be achieved (Gioia and Thomas, 1996). Organizational members receive information about dimensions of their identity (Gioia, Schultz, and Corley, 2000) and take actions to resolve discrepancies. These initiatives are an essential part of the identity formation process (Gioia et al., 2010).

Several studies focus on changes in organizational identity (e.g. Corley and Gioia, 2004; Gioia et al., 2010; Pant and Ramachandran, 2017; Fortwengel, 2021), even in M&A (e.g. Ullrich, Wieseke, and Dick, 2005; Clark et al., 2010), but overlook or underemphasize strategy research on firms' resources. Others explain the role of managerial intent in guiding resource orchestration (Helfat and Martin, 2015), but ignore or only marginally consider organizational identity. These studies have advanced our understanding on each topic but separately (Ravasi, Tripsas, and Langley, 2020). Our process model accounts for how the interplay between resources and identity can influence the ongoing dialectic over organizational autonomy.

Dialectics. Our framing of the dynamics of a unit's autonomy as an ongoing organizational phenomenon (Tsoukas and Chia, 2002) requires a process approach that captures the intentions and actions of unit and parent managers (Birkinshaw et al., 2016). Dialectics offer an interesting view on the management of tensions between contradictory elements (Hargrave and Van de Ven, 2017). For example, in their study of organizational control, Lourenco and Glidewell (1975) adopted a dialectical perspective to capture the conflict between the interests of an organization and the interests of one of its component in achieving their respective goals. In the context of M&A, Monin et al. (2013) focused on the contradictory pressures between value creation and socio-political concerns during a post-merger integration phase.

A dialectic exists when at least two entities, each with their own identity (Van de Ven and Poole, 1995) and each a proponent of conflicting thesis and antithesis, engage in a confrontation which eventually produces a synthesis consisting of new patterns of interactions between the entities (Benson, 1977). Then, this new set of arrangements becomes the thesis for the next dialectical cycle (Lourenco and Glidewell, 1975; Benson, 1977) during which any new action by an entity will again trigger a counterweight logic (Birkinshaw et al., 2016) and breed counter-resistance (Hargrave and Van de Ven, 2017). Thus, the dialectical perspective

is essentially processual and recursive as it focuses on the ongoing mechanisms which actors with competing views enact to continuously shape a sequence of organizational arrangements.

During each cycle after a synthesis, the dialectical tension generated by contradictions starts small and builds up gradually until cumulative changes will lead to sudden qualitative changes (Ford and Ford, 1994). The subordinate actors and, reciprocally, the superordinate actors both establish the conditions of openness for a synthesis (Hargrave and Van de Ven, 2017). When the dominant actors have developed sufficient respect and understanding for the position advocated by others, an interpersonal juncture emerges that allow them to negotiate their conflicting organizational goals and find common ground (Salvato and Rerup, 2018).

We next present the research methods and then develop our findings by building up the recursive relationships. These relationships focus on the themes of strategic integration, resource orchestration and organizational identity, as we found they can drive the dialectical tension over organizational autonomy. We conclude with a discussion of our theoretical contributions and future research.

METHODS

Research Context

Lamborghini's Miura, Countach, and Diablo are iconic "super sports cars", but these bulls' names were far from cash-cows. During the 35 years from founding in 1963 to 1998, the company went bankrupt once, was briefly turned around twice, and ended up being sold five times. At the end of the 1990s Lamborghini, lacking the funds to develop a completely new car, approached Audi to request access to its Audi A8 platform. Audi agreed on the condition that they buy the Lamborghini company. Lamborghini was acquired by Audi in 1998, at a time when Ferdinand Piëch, CEO of Volkswagen Group (VW) which owns Audi AG, decided to also purchase the Bugatti and Bentley trademarks. Since then, sales have grown by a factor

of 35[4]. Figure 1 shows the turnaround of Lamborghini over the period 1999-2019 in terms of sales, number of R&D employees, total headcount, and coverage in the worldwide press.

Figure 1

The post-acquisition integration of an ailing Lamborghini started with a cash injection of €100 million for a five-year plan and the launch in 2001 of the Murciélago model, an updated version of the old Diablo. Lamborghini accessed the resources of Audi and VW group. The parent company's autonomy reduction efforts were clear with regards to new product development processes, procurement, manufacturing, and quality control. Lamborghini had to follow a platform approach by drawing upon the distinctive capability in aluminum frame that Audi had pioneered in the mid-1990s and by sharing components from VW group's suppliers. Launched in 2003, the Gallardo was the first car developed as a platform with Audi, and its success induced a strong response from competitors. By 2007, it was time to renew Lamborghini's ageing V12 product. However, instead of pursuing, as Audi managers had planned, the successful integration recipe of the Gallardo – a platform with aluminum frame and shared subsystems – Lamborghini regained organizational autonomy. Lamborghini became the only brand in the VW group allowed to step out of a group platform and developed a radically new car with a carbon-fiber structural chassis (called a monocoque); the Aventador. This reversal in autonomy, following a symbiotic post-acquisition trajectory and the organizational autonomy dynamics it initiated, is peculiar, and constitutes the central focus of our analysis.

Research Design and Case Selection

To achieve methodological fit (Edmondson and McManus, 2007; Gehman et al., 2017), we base our process theorizing of the dynamics of organizational autonomy on the qualitative analysis of a fine-grained, longitudinal single case study over a period of 21 years (Langley,

[4] Many carmakers, including Audi, were impacted by the financial crisis of 2008 – 2010. Lamborghini saw its sales crashed by 40% in 2009-10 but maintained a high level of R&D investment to renew its product portfolio.

1999; Siggelkow, 2007; Kouamé and Langley, 2018). However, it would not be possible prior to data collection to anticipate fluctuations in a unit's degree of organizational autonomy, especially after a post-acquisition integration phase. Our initial research focused on how technology-based luxury firms establish sources of competitive advantage while depending extensively on the innovation ecosystems outside their organizational boundaries. Among the firms contacted, we gained extensive and unconditional access to Automobili Lamborghini.

During data collection, it became apparent that the development of the Aventador represented a departure from a classical symbiotic post-acquisition trajectory. We realized that Lamborghini was an unusual empirical setting (Eisenhardt and Graebner, 2007): the acquisition of a small, distressed company that is turned around through strategic integration but, yet, manages to regain autonomy and does not amalgamate with the parent. There was a significant variation in the degree of unit's autonomy that did not fit with the extant literature on organizational autonomy or symbiotic acquisitions. We redefined our research question around the dynamics of organizational autonomy between a unit and its parent. Given the requirement for in-depth longitudinal data of such process theorizing, we realigned our design around this single case study (Yin, 2014) which we could follow in real-time.

Data Sources and Collection

We first visited Automobili Lamborghini in Sant'Agata Bolognese, Italy, in November 2010, before the unveiling and the start of production of the Aventador (2011), to explore the recent development (2007–2010) of the new V12 model. Following meetings in 2011, an earthquake struck the Bologna region in 2012, which absorbed a lot of the time of Lamborghini managers and delayed our engagement. In February 2013, we conducted a research workshop with three Lamborghini managers to learn about their approach to innovation. They introduced us to their partners, and we completed a research design based on Lamborghini-partner dyads until the end of 2014. In 2015, we clarified the interesting breakdown between our empirical data

and available theories (Alvesson and Kärreman, 2007). From 2016, with our redefined research question on autonomy dynamics, we interviewed Lamborghini directors, former directors, the first, second, and third CEOs, and Audi managers and executives in Ingolstadt, Germany, to capture their perception of the ongoing relationship since 1999.

Figure 2

Our process theorizing is based on retrospective (1999–2010) and real-time (2010–2020) data, collected at multiple levels and across functions, on the Lamborghini-Audi and Lamborghini-partners dyadic relationships. We generated our primary data through 77 semi-structured interviews, conducted in English, with 50 informants, pursued in two waves (2010-2014, and 2016-2020), as presented in Table 1. We organized 49 interviews with 27 informants from Lamborghini, across functions (manufacturing, quality, purchasing, finance, marketing, sales, R&D, HR, design) and across levels: Level 3 (engineers and project managers), Level 2 (managers of functional areas), and Level 1 (board of directors), as well as the three CEOs for 1999–2004, for 2005–2016, and for 2016-2020. Several informants had tenure at Lamborghini since the mid-1990s and most of them had joined around 2001. We interviewed 17 informants (one over the phone) from eight partner companies across four European countries and the USA. We also interviewed six Audi executives: four managers who had followed the acquisition since 2006 (three of whom had seats on the board of Lamborghini), the head of corporate strategy acting as General Secretary, and a CEO and Chairman of the Board of Audi AG, who was also a member of the Board of VW Group.

Table 1

The interviews with Lamborghini and Audi were always conducted by at least two of the authors, sometimes three, which allowed us to engage in sustained probing of multiple perspectives. One author was present in 74 of the 77 interviews. All interviews, except one, were audio recorded for a total of 4144 minutes and transcribed for a total of 1203 pages of

single-spaced verbatim transcripts. We took extensive notes to record insights, additional questions, comments, and our broad non-participant observations including descriptions of the environments (buildings, offices, machines, and factory floors), our interactions with the informants, and our general feelings and thoughts (Eisenhardt, 1989). Our notes also captured the verbatim quotes which informants shared with us during lunches, coffee breaks, or factory walks when the audio recorder was off. Two authors visited Lamborghini in Sant'Agata, Italy over 20 times each. Alongside three dedicated notebooks, these digital field notes amount to a total of 130 single-spaced pages.

The data collected also include Lamborghini documents such as company presentations, organizational charts, number of dealerships, sales volumes, and confidential data ranging from internal task forces, process charts, and financial data, to future technological innovations. Our secondary data include 22 annual reports, press releases, videos and social media posts since 2012, magazines articles, newspapers interviews, website pages, and extracts from Factiva or patent databases. The diversity and extent of our data ensure the triangulation of our evidence (Jick, 1979). By verifying statements across interviews and informants and against secondary data, we mitigated the risk of retrospective bias.

Data Analysis

Our process theorizing is based on a combination of coding, temporal bracketing, and causal loop diagrams. As is common practice for qualitative inquiry, our data collection and preliminary analysis proceeded concurrently. In 2015, once we had reached saturation in the data collection for our initial research question, we wrote a 400-page case narrative on the Aventador's development and shared it with our main informants. From 2016, as the research question had evolved through our preliminary analysis, we launched a second wave of interviews to better capture the organizational autonomy dynamics between Lamborghini and Audi since the acquisition. One of the authors joined the research project in late 2017, after

most of the empirical data had been collected, which ensured the high-level outsider perspective required for informed theorizing (Mantere and Ketokivi, 2013).

We began the in-depth process analysis with the open coding of our entire dataset (Strauss and Corbin, 1998). Following an abductive process of comparison between our first-order codes and several literatures (Strauss and Corbin, 1998; Corley and Gioia, 2011; Mantere and Ketokivi, 2013; Sætre and Van de Ven, 2021), we drew from the literatures on organizational autonomy, post-acquisition integration, organizational identity, and resource orchestration to identify the prior theoretical, second-order, constructs in our data.

A process theorizing approach must "focus on the arrows" which capture the "dynamic relationships among the emergent concepts that describe or explain the phenomenon of interest", whilst making "clear all relevant data-to-theory connections" (Gioia, Corley, and Hamilton, 2013:22). Our analyses of the dialectical tension between the parent managers' thesis of autonomy reduction, and the unit manager's antithesis of autonomy extension, highlighted three clear junctures. In 2007, the development of the Aventador represents a first synthesis at the end of the post-acquisition integration phase, and a turning point in the trajectory towards amalgamation with a reversal towards more autonomy. In 2015, the development of the Urus represents a second synthesis with a renewed emphasis on VW group's corporate synergies, and a turning point in the trajectory towards more autonomy with a reversal towards amalgamation. We thus identified three dialectical cycles over three temporal brackets (1999-2007, 2008-2015, 2016-2020) (Langley, 1999) covering a 21-year period, which we describe using our informants' own words as a "*cleaning-up*", a "*stepping-out*", and a "*triple jump*" phase. A third turning point emerged in December 2019, with Lamborghini again regaining more autonomy to ensure its distinctiveness, especially in its product strategy from 2020; a reversal consistent with our proposed process model.

For a process model to be internally valid and robust, the structure of relationships must be

able to endogenously explain and replicate the longitudinal dynamics of the phenomenon, including such reversals. Causal loop diagrams offer a powerful method to model an underlying structure of recursive relationships capable of explaining process dynamics across different temporal phases (see also Weick, 1979; Repenning and Sterman, 2002; Azoulay, Repenning, and Zuckerman, 2010; Dattée and Barlow, 2017). It is recommended to start such an analysis with the more tangible aspects of the empirical phenomenon. In the drafting phase, we initially used our detailed longitudinal data to identify the relationships among some of the first-order codes grounded in the empirical setting. For example, using 'carry-over parts from the VW group' reduces 'development costs'. While building a causal loop diagram, it is crucial to confirm the polarity of these relationships. In a positive relationship, the direction of change in the effect is the same as the direction of change in the cause; in a negative relationship, it is the opposite (Sterman, 2000). The polarity indicates the general direction of relative change but not the strength (e.g., slope) or shape (e.g., linear, logarithmic) of the relationship. We then went through numerous iterations to abstract and simplify these relationships at the level of second-order theoretical concepts, while maintaining an emphasis on managerial agency in the emerging model to avoid determinism. For instance, we started with the relationship whereby 'parent managers' autonomy reduction efforts' led to the unit increasingly relying on 'access to the parent's resources'; the classical search for synergies. As some of the relationships are recursive, the process model captures concurrent feedback loops. A reinforcing (coded R) feedback loop amplifies change and generates its own growth. A balancing (coded B) feedback loop is self-correcting and counteracts change.

We converged on a structure of relationships among prior theoretical constructs which is supported by existing literatures, tightly grounded in our data, and internally consistent (see Figure 6). We used a replication strategy to verify the internal validity of the process model, with our data demonstrating that all the feedback loops among second-order constructs were

present at each phase (Kouamé and Langley, 2018), albeit with different strength over time. Nonetheless, for clarity, we present our findings by building our model incrementally and adding the dominant recursive relationships in each temporal phases. In May 2019, we presented our findings to Lamborghini's directors (#8, #17, #19, #25) who confirmed the ongoing dialectic over organizational autonomy between themselves and Audi managers. In March 2020, we conducted a final round of interviews with the third CEO (#48), three directors and a manager (#16, #17, #19, #25) to refine our understanding of their initiatives vis-à-vis the parent managers in terms of products, processes, and resources. In December 2020 and February 2021, we interviewed a former General Secretary and a former Chairman and CEO of Audi AG, who both had extensive knowledge of the relationship from the perspective of the parent company. Our process theorizing captures the recursive feedbacks among the dynamics of integration, resource orchestration and organizational identity, and provides a cogent explanation for the longitudinal trajectory of Lamborghini's organizational autonomy, with an emphasis on theory (Tsang and Williams, 2012; Tsang, 2013).

FINDINGS

In this section, we present how the level of Lamborghini's organizational autonomy changed throughout the 1999-2007 ("*cleaning-up*"), 2008-2015 ("*stepping-out*"), and 2016-2020 ("*triple-jump*") phases. We demonstrate how the dialectical tension, created by Audi managers' efforts to reduce Lamborghini's autonomy and the Lamborghini managers' efforts to extend their autonomy, evolved and led to reversals in the autonomy trajectory. For each phase, Figures 3, 4, and 5 present the dominant relationships[5], grounded in our empirical data, which drove those managerial efforts and created continuous feedback loops.

[5] All the relationships are present in the three phases, albeit possibly weakly, but we build up the complete model incrementally by introducing the most relevant relationships. This stepwise approach is a presentation choice to achieve clarity for the reader. In Figures 3, 4, and 5 we also separate for each side of the dialectic during a temporal phase: the drivers of the thesis ("thesis"), and the drivers of the antithesis ("antithesis").

Phase 1: 1999 – 2007 ("Cleaning-up")

Audi managers push towards strategic integration. The search for synergies dominated the initial phase of Lamborghini's acquisition by Audi. By 1998, Lamborghini had reached a dire financial situation with, as some directors (informants #13, #17) explained, "*always red figures, so it was a very difficult time*."[6] Nominated in June 1999, the first CEO (#24) felt the acquisition had probably been the result of a spending spree by the then VW group chairman, Ferdinand Piëch. Nonetheless, Audi was impressed by the distinctive R&D capabilities of Lamborghini and followed a symbiotic post-acquisition approach to initially protect them.

A Lamborghini director (#7) described Audi's initial approach as a phase where "*first of all, they cleaned up […] by restoring some clear processes and rules*" in the different departments with clear responsibilities. Audi initially focused its integration efforts on the procurement and quality processes, both of which were at the core of its industrial logic, by appointing managers to Lamborghini with direct functional reporting:

> *I was sent [2006] with the clear words: 'You are not going there to adapt to Lamborghini. You are going there to adapt Lamborghini to Audi'. (#27 Audi manager)*

Audi introduced clear processes such as planning the product range, keeping milestones in project development, and calculating the expected profitability of a project. For three years Lamborghini employees were sent to Germany to acquire skills on working with the VW group databases and procedures. Given prior poor performance, Audi managers had a low appraisal respect for the "*weak structure*" (#9) of Lamborghini processes and drove intense efforts (#24) to reduce autonomy in these areas:

> *In the beginning, it was just: 'You did this wrong. This is wrong, Do it in a different way. So, you have a problem, I'll send you somebody'; like a child. We were treated like a child! We went to the committees and they said 'No, you must do it like this, so go do it', 'Yeah, but...', 'No, don't speak, just do what I say'. (#23 former Lamborghini Director - 2000-2010)*

To leverage the VW group's corporate synergies in procurement, Audi sent managers – a

[6] To emphasize the empirical grounding of our process theorizing, we integrate verbatim phrases from our informants in quotations marks into the text and indicate the informants' identification numbers from Table 1.

purchasing director, a commodity manager and a lead buyer for electronics and interior parts – to ensure that Lamborghini started using existing systems and components already developed by Audi or available in the VW group; starting with the electrical infrastructure of the Gallardo. As one of the R&D managers (#10) explains, Audi could really guide Lamborghini in accessing these "*carry-over parts*" without incurring development costs.

The first platform, Gallardo's development between 2001 and 2003, marked the beginning of significant integration by Audi. While the Murciélago used the steel chassis of the old Diablo, Audi relied on its core competence in aluminum to develop and produce the chassis of the Gallardo platform at its plant in Neckarsulm, Germany. Audi used the power of the VW group to provide Lamborghini access to large suppliers which had been out of its reach:

> *[Before] that time, we talked about 200-300 cars per year: you only created disturbance with the big suppliers. So, every time it was: 'Sorry Lamborghini we cannot.' After, with the arrival of the VW group [1998], it was clear that Audi was able to steer the big suppliers in order to say: 'If you want to have a new project for the VW Golf you must take Lamborghini into consideration, even if Lamborghini is not a positive business case [for you]'. This allowed us to engage with suppliers that in the past were only a dream. (#19 Director)*

As a director (#21) summarizes, these efforts to reduce autonomy, by forcing Lamborghini to access parent resources, aimed to further exploit VW group's corporate synergies because *"if Lamborghini starts to do this alone, it's much more cost intensive.*" Through this access to Audi's resources, Lamborghini obtained lower costs, better technologies (#12) and improved quality (#26, #27). This was reflected in success in the market as Lamborghini sold more Gallardo (16,200) between 2003 and 2011, than all the cars sold in the previous forty years (about 10,000 in 1963). As several directors explained, this strengthening performance eventually improved the standing of Lamborghini within the VW group from "*an almost dying company to a real jewel*" (#23).

Hence, as indicated in Figure 3 ("thesis"), the parent managers' low appraisal respect for the unit's poor performance and weak organizational processes can induce high autonomy reduction efforts. The unit has to rely on its parent's resources, including shared components

and group suppliers. Through strategic integration, these synergies can lead to a turnaround of the unit's performance which, in turn, improves the parent's managers appraisal respect.

Figure 3

Lamborghini managers pull back. From 2005, the second CEO (#26) started capitalizing on the success of the Gallardo to rebuild, practically from scratch, Lamborghini's distinctive image which had declined gravely:

> *When in the 90s, the company was taken over, the brand was in bits and pieces. It was all over the place and it had a pretty negative image or no image at all in the best cases. For us [in 2005] it was important to reset, and the reset was done in a very extreme way because we were hammering on the idea that we had nothing else and that we are the most extreme and uncompromising super-sports-car company. The values of the brand were expressed in three words: Italian, uncompromising, extreme... It's like reseting the computer, from 0 to 1. (#26 CEO)*

To test the vision for their company, Lamborghini directors decided to develop a limited-series model, the Reventón, for the "*monster price of one-million [euro] round figure*" (#22). The second CEO (#26) explained that the signaling power and market success of this one-off strategy contributed to the brand image and generated incredible media coverage:

> *The 'one-off" was our idea of trying to see how much the brand was consistent with our idea of the brand. At the beginning of 2007, we decided to go for the Reventón, which was based on the platform of the Murciélago […] for very few customers, but which is paying into the brand, and helping us really to have a big media feedback also.' We discovered in this way that to launch a 'one-off" in terms of media value was the same as launching a completely new car, which for us was incredible! It was a hustle at the beginning to attempt but we were very successful. (#26 CEO)*

The success of the Reventón reinforced the distinctiveness of the desired future image. Lamborghini managers projected this future image to "*keep the core aspects of Lamborghini*" (#1):

> *This is the clear vision we had since the beginning: unique product but based on a philosophy that is different from all the others. We have to demonstrate these in a clear way. It is really creating a separation in the mind-set of customers, between us and the others. (#25 Director)*

However, as a result of Audi managers' autonomy reduction efforts in the "cleaning-up" phase, Lamborghini had replicated some of Audi's processes across its departments including R&D, quality, purchasing, IT and human resources. Beyond a product platform strategy with the Audi R8, Lamborghini had to partly, but gradually, align its organizational structure with Audi. In order for Lamborghini staff to implement *"exactly the same system as they have in*

Audi" (#25), they were sent to Germany to learn how to use standardized documents and keep closer to the VW group methodology. As the synergies with the VW group were becoming important (e.g., shared resources, carry-over-parts, replication of processes and capabilities), some informants felt that their construed external image of Lamborghini was losing its distinctiveness:

> *A lot of carry-over-parts [in the Gallardo] were modified for us, but the perception which I experienced personally was to be in an Audi, not in a Lamborghini. (#3 Buyer L3)*

> *The first step was the acquisition. It means to build a frame. We have to stay in the same frame; we have to develop the same language; we have to have a minimum standard in common. We were creating this ground zero. But then, the point is that if we continue in this way after the first phase, we are killing the diversity; and then even killing the potential. (#25 Director)*

By 2007, when it was time to develop the next V12 model, Audi wanted to replicate the successful approach of the Murciélago and the Gallardo. Following its autonomy reduction logic, Audi had planned to develop a V12 platform with Lamborghini based on its aluminum space frame capability, create a powertrain with strong synergies with the VW group, and leave Lamborghini with only a few degrees of freedom in the car's development. The M&A literature would have viewed this as the classical end point of a symbiotic post-acquisition integration process: a critical point beyond which the trajectory of Lamborghini after this first phase would have naturally continued towards full amalgamation, with no organizational autonomy. However, at that moment, a crucial reversal occurred in autonomy dynamics.

With Audi's proposal to develop the new V12 model based on a VW group platform, Lamborghini managers felt they should protect the distinctiveness of their construed image:

> *There still was a big group of guys who had been in Lamborghini for twenty years; they were the historical memory; the owners of how a Lamborghini should have been done. (#16 Manager L2)*

The improvements in their unit performance, especially in 2007 with the immediate market success of the one-off Reventón, encouraged Lamborghini managers to attempt to regain organizational autonomy. They needed to regain the discretion to achieve their "*drastic vision*" for the future (#19) in order to "*demonstrate again what [they] could do on the V12*" (#6).

> *In that time frame [2007], Lamborghini was about to develop probably the most important car, not for the volumes, but for the image, […] the Aventador; the flagship to replace the Murciélago. Not just because it was the flagship, but because Lamborghini wanted to show Audi that they were capable of developing a complete car by themselves. Whereas the Gallardo was largely shared with the Audi R8, the Aventador is a very unique car in many respects. (#37 partner's VP)*

Lamborghini managers wanted "*to establish a visible mark in the market*" (#38). The desired future image was thus translated into specifications for the product attributes to "*bring the vision into the car*" (#6). Their vision was to achieve the maximal performance possible with first-time applications in a series-production car which would establish industry benchmarks for the long-term. The R&D department opened a blank page and "*dreamt*" (#19) sometimes "*interesting but crazy ideas*" (#7, #11).

> *Our big challenge was to say if we really want to have a freshening up of the company to be at the top of the super sports car, it's time [2007] to do something really special, to define a product profile able to surprise, to do more compared to expectations. Aventador was exactly this: we had our vision which was really drastic. (#19 Director)*

The higher organizational performance during the first phase had enabled the accumulation of internal resources solely through sequenced investments of earnings from sales (#20). Because the company could not have done everything at once, nor achieved "*a quantum leap*" (#24 CEO), resource orchestration had been a core strategic issue, as a director (#20) explains:

> *What I am proud of is that we succeeded in making a complete turnaround and bringing the company to a different level by using our resources, growing with our own forces, not knocking on the door of [Audi]. It was absolutely essential to have a return from what we did before in order to have the strength to keep the pace and even increase the pace in future years. It's all the company, all the people – we used what we had in a very wise way, looking at the mid-term perspective what was feasible or not; what we could afford or not. (#23 former Director 2000-2010)*

At this turning point in 2007, Lamborghini managers leveraged their strengthening unit performance to regain some autonomy in their product definition. Lamborghini managers presented their vision to Audi managers by saying "*we will produce the best car you have ever seen*" (#12) and requested additional autonomy by stepping out of the V12 platform.

> *The difficulty was that during those years [2007-2008] Lamborghini wanted to protect the heritage to build very special cars for very special customers. They tried to avoid building a derivative of [Audi] cars. For Lamborghini, it was very important to protect their heritage, their DNA, their genes and that they're not being overruled by Audi in each and every topic. (#30 Audi Manager)*

All the company-wide improvements during this first "cleaning-up" phase and resulting operating profits, increased Audi managers' appraisal respect cumulatively for the resources and capabilities of Lamborghini. This higher appraisal respect influenced their perception of Lamborghini's request for stepping out of the VW group's V12 platform:

> *With Gallardo we were able to create the right trust from our shareholders [Audi] that allowed them to take a decision to give much more freedom in the building of the Aventador (#19 Director)*

Hence, as indicated in Figure 3 ("antithesis"), the unit performance fuels the distinctiveness of the desired future image that unit managers project. However, by relying on and replicating the parent's resources, they may perceive that the construed external image of their unit risks losing its distinctiveness. The discrepancy between the distinctiveness of their construed external image and the distinctiveness of the future desired image to which they aspire drives their autonomy extension efforts to regain discretion in resource orchestration.

Phase 2: 2008 – 2015 ("Stepping-out")

For Lamborghini managers, this second phase of regaining autonomy started by convincing Audi managers of the credibility of their strategic vision. Higher discretion over their resource orchestration meant they could renew their distinctive resources through either direct internal investments or learning from co-developments with external suppliers.

Regaining organizational autonomy to build distinctive resources internally. Lamborghini managers undertook resource-related actions influencing the ongoing development of their firm's sources of competitive advantage. They wanted the autonomy to tackle their resource weaknesses; i.e., those resources missing in order to realize their desired future image. The case of the carbon-fiber monocoque offers a cogent demonstration.

In 1983, Lamborghini developed its first carbon monocoque prototype based on the Countach. The first competitors to commercialize a carbon monocoque in limited editions were Ferrari in 1993 with the F50 and McLaren in 1996 with their F1. As one Lamborghini director (#13) explains, the regulatory certification of a monocoque (a process called

homologation) is extremely difficult and the induced costs normally change the economics of these rare cars, often priced at several million euro. In the mid-2000s, Lamborghini failed again to obtain this regulatory approval for a monocoque for the Murciélago. Despite its high competency in carbon manufacturing, Lamborghini did not have the engineering competency:

> *The problem is not to build a monocoque; the problem is to homologate a monocoque. It means that you can spend a hell of a lot of money to homologate a car. The story changed in 2006. I understood that we missed the competency in engineering simulation; to be cheap in development but reliable. We had a clear picture of what we were missing at the time in terms of competencies, what we didn't have in-house, in order to arrive at that level. But we didn't have a clear picture of what we should put in place in order to arrive at the final target. (#13 Manager L2)*

Nonetheless in 2007, Lamborghini directors "*made a strategic decision that carbon fiber was the future of [their] super sports car*" (#17) and would give "*Lamborghini a big unique selling point*" (#23). So, Lamborghini managers had to find a way to access and build this engineering competency as it would have been too risky to depend on external suppliers. Audi and the VW group had never had a case like this before (#3). Audi had a strong capability in aluminum space frame and was reluctant to let Lamborghini step out of that platform and invest in new distinctive resources. The Lamborghini CEO (#26) was convinced that this was a big jump into the future but also realized that they were "*risking the company*". With another director (#19), they had to "*convince everybody that this [was] the right choice for Lamborghini*". Yet, Audi managers had doubts that Lamborghini could simulate the crashworthiness of a carbon monocoque.

Lamborghini managers had been pursuing a parallel development relating to crashworthiness. Scott Carson, Boeing's CEO at the time, had agreed to teach Lamborghini a specific approach to build a reliable model of crashworthiness. Lamborghini gained access to Boeing Phantom Works and, between 2007 and 2011, sent several engineers to Seattle to learn from aeronautics.

> *In 2005, we were convinced to be the masters of carbon fiber. Then [in 2007] we went to Boeing and learned that, like Socrates, you don't know anything; you really are the poor guy. When we arrived there, we were really impressed by the level of competence in developing, validating, homologating and then manufacturing. They were really open and explained to us how to develop,*

> *engineer, and simulate components. And we learned a lot. We said, 'okay, guys we did it completely wrong.' (#13 Manager L2)*

When Lamborghini brought Boeing's director of crashworthiness (the leader for Boeing 787's homologation by the Federal Aviation Authority) to the table, Audi perceived the credibility of the vision. The CEO of Lamborghini (#26) officially asked both Audi and VW boards to approve their stepping out of the group platform and presented a business plan to build their own plant in-house. Martin Winterkorn, CEO of Volkswagen AG, who had been chairman of the board of Audi during the post-acquisition integration of Lamborghini, took the final decision to approve the request. Lamborghini directors and managers have acknowledged that this decision sent a very strong signal of support by Audi. Lamborghini financed all the necessary investments, converted a former storage area into their new composite center, and registered eleven patents to protect this distinctive capability. Until 2018, Lamborghini was the only car manufacturer with the resources to produce a carbon monocoque fully in-house on a large scale. Lamborghini's engineers also learned Boeing's way of repairing carbon composite, which has allowed Lamborghini to be the first car company able to repair carbon fiber (#46) by providing a team of "*flying doctors*" (#18) in its after-sales support to customers worldwide.

Several factors facilitated this reversal towards increased organizational autonomy granted by Audi managers. Some Lamborghini people who had worked temporarily at Audi had gained credibility and were "*Audi-proofed*" (#16). Some Audi managers, sent to Lamborghini as members of the board, had helped other Lamborghini directors to change their "*all-or-nothing approach*" (#28) in order to "*have a feeling for how decisions are made in the group*" (#29). The gradual accumulation of appraisal respect led to this first juncture in 2007, where the openness of Audi managers, whose focus had been on standardizing processes and achieving platform synergies, led them to grant higher autonomy on the V12 segment.

Lamborghini was allowed to develop the Aventador on their own, based on "*mutual confidence on both sides*" (#19, #25):

> *This was the time [2007] of the company growing up, to gain also the respect of the group. Lamborghini was always mentioned: "Yes, we have been in Lamborghini and these guys are doing a good job; they are managing the turnaround." And this changed [AUDI's] perspective and attitude. (#27 Audi manager)*

> *On the Audi board, we were convinced that you need, in order to enable the brand, something very special on the technological side. And I think it was also the main driver for the Aventador because the shelf was empty; there was nothing comparable to put forward. (#49 Audi executive)*

As part of its resource orchestration to achieve its distinctive future image and do more by itself, Lamborghini has continuously adjusted its level of vertical integration (#1). These choices allowed Lamborghini to retain control over strategic activities, such as engine management, design, body-in-white, engine assembly, painting, saddlery, or repairs and after-sales. While Audi developed and produced the aluminum chassis for the Gallardo and R8 in the Neckarsulm plant, Lamborghini developed and produced the carbon monocoque of the Aventador at the composite manufacturing center which it built in Sant'Agata. Since 2004, with the opening of its design center, the Centrostile, Lamborghini has also increased its design capabilities and recruited new designers. After a trial with a virtual design process for the Reventón, which a director (#22) felt was "*a huge achievement*", Lamborghini became less dependent on accessing the design capabilities of the VW group.

Regaining organizational autonomy to access external suppliers' distinctive resources. However, in 2008, despite having regained organizational autonomy, Lamborghini still had limited resources to realize many of the radical innovations required to achieve their vision for the Aventador. Lamborghini engineers had a sense of what would be possible for the components (#11) but had to rely on external partners outside of the group suppliers. One of the CEOs (#26) explains that these "*strategic suppliers help you a lot if you do it in the right way.*" External suppliers are a source of new technologies (#14) and several managers have emphasized the dual-role of their R&D whereby Lamborghini needs to have both "*the know-*

how in-house and the management capacity to steer the suppliers in the right direction" (#12). Lamborghini derived radical specifications for sub-systems of the Aventador and, because the required resources were not readily accessible via Audi or the VW group, had to convince external suppliers to develop them together. For example, the specifications for the Aventador's suspension or gearbox were "*bordering on Formula One*" (#38). Several suppliers replied that they needed more money, or more time, or simply that Lamborghini were "*crazy*" (#10, #12). Many of these co-developed innovations were first-time applications for a series-production car and were really at the cutting edge (#8, #19).

> *If we are just stepping into the supplier base of Audi, we will fail. If we were going on using just our small Italian suppliers, we would fail. We have to find the right compromise between the right processes, the right quality, the right prices, but also the right time to market, the right mind-set, and the right innovations. Now [2013], we have a good mix, I think, between Italian and smart suppliers, together with very big and stable suppliers with outstanding quality. (#6 Manager L2)*

Engineers from the external suppliers were often residents in Sant'Agata and "*constantly had the chance to share knowledge*" (#33) with Lamborghini people who learned a lot from these co-developments (#12). Through these relationships and new ones that they have established, Lamborghini managers access novel ideas to develop their capabilities (#13).

The Aventador benefitted from both economies of scope, by accessing Audi's resources, and a differentiation advantage from its external suppliers' and its own distinctive resources:

> *Our Aventador compared to competitors is cheap in terms of price, because if you want a mid-engine car, V12, naturally aspirated, with such performances, there are not so many cars at that price. We worked on Aventador in this segment to provide a car that, we can demonstrate, has performances quite close to the small-series production at one million [euro]. But we're offering it at one third of the price, having for sure more standard equipment in terms of safety. The Aventador has zero compromise for the safety of the driver or the passenger, all the airbags, the ESP, such things are not so often offered by competitors that are pricing their car at one million [euro] because they are doing 20, 30 cars per year. (#7 Director – 2013)*

Hence, as indicated in Figure 4 ("thesis"), as the unit performance has improved, the parent managers raise their appraisal respect and loosen their autonomy reduction efforts. With this regained autonomy, the unit's managers have the discretion to rely less on the parent's resources and to renew the distinctiveness of their unit's resources through direct investment and through absorptive learning from co-developments with external partners. Distinctive

resources lead to improved performance and, through reinvesting, the unit can do more by itself and relies less on accessing the specific resources of external partners.

Figure 4

Audi managers push back to cope with scale and complexity. Yet, with the substantial growth in the number of models, people, dealerships, resources, volumes, and revenues, the corresponding expansion in scale and complexity of Lamborghini's operations became a critical managerial challenge. This expansion reinforced Audi managers's antithesis for the need to apply VW group processes. Lamborghini relied on the VW group to address the growing complexity of its global operations in terms of access to international markets, cultures, regulatory approvals, and legislation which would otherwise be very difficult for a small brand like Lamborghini without the structure of the VW group. Such growth and complexity (#20) eventually increased Audi managers' autonomy reduction efforts:

> *The company has changed a lot since then [2011]. It has become a lot more process driven. Because of the success, Audi has become more involved; things really started changing with the Aventador's success. (#46 CEO – Partner – 2015)*

> *To be honest today [2016] it is not possible anymore to look inside each sub-program. This is too complex overall. In the future, we have to follow the approach of the group. […] We have to focus much more on processes – but without losing our flexibility. (#21 Director – Audi manager)*

Given the larger volumes in the V10 segment, the Huracán was to be launched in 2016 as a common platform with the future Audi R8 but with very specific characteristics. With plans being discussed for a third product line which would double the size of the company, Audi managers pushed their antithesis and reduced Lamborghini's organizational autonomy again.

Hence, as indicated in Figure 4 ("antithesis"), when its performance has substantially increased, the associated growth in scale, complexity, and strategic importance of the unit may raise concerns for the parent managers about the capabilities of the unit managers to successfully orchestrate their unit's resources at the next level of operations. These concerns supersede the autonomy gains from appraisal respect and lead to renewed autonomy reduction efforts by the parent managers through strategic integration.

Phase 3: 2016 – 2020 ("Triple jump")

Lamborghini managers had always sought a third model, targeted at a broader market, to provide stability in the volumes compared to the V12 and V10 segments. The Audi board decided to let Lamborghini develop a V8 "super" sports-utility vehicule (SUV), the Urus; but as a platform with the future Audi Q8. Lamborghini managers perceived this decision as a clear sign of the parent company's appraisal respect for their higher capabilities. Yet, the introduction of the Urus was a "*triple jump*" (#19) for the company given the three consecutive and challenging leaps forward created by the new V12, V10, and V8 models:

> *Urus is something where we really need to respect the decision of our shareholder [Audi] because it's a moment when they say, 'we are trusting you and you can make a huge investment': doubling the company to 1500 people, doubling the volumes, really important investments, and a really dramatic challenge for the future. This for us was really a triple jump in a short time. But they trust in our brand, in our capability. (#19 Director)*

Already in 2016, Lamborghini managers recognized that such a triple jump would only be possible through the synergies realized by accessing the parent company's resources:

> *We very much value the synergies with the [VW] group when, ideally, we choose to use them. Urus is the perfect example because we would never have been able to develop such a platform alone. The technology, the complexity under this platform is unbelievable. Nobody else, not even [a competitor], is able to develop a [super] SUV. (#17 Director)*

As a member of Audi board (#49) during that time explains, while Audi clearly recognized the organizational improvements of Lamborghini since the Gallardo, the further growth in scale and complexity expected from Urus would require renewed strategic integration:

> *I think especially at the Urus time [2016], you could sense that Lamborghini got itself stronger and the self-confidence also was there. I always noticed that it was received quite positively in a sense. It's now an adult company: we do not have to look after it like a child because they have stability in their processes. So, this was not like "are they able to develop a car again?" But still everybody was kind of careful because the path of growth for the company, coming from Aventador and Huracán, and then going with the Urus: this is another level of production! Different challenges were arising; the business challenges increased. We had intense discussions. That was my opinion from the Audi side: 'are you well prepared two or three years in advance? (#49 Audi executive)*

Another Audi manager felt that Lamborghini was becoming "*more and more a diamond in the group*" (#28). Yet, as a result, Lamborghini managers also felt that, as the size and performance of their unit increased, Lamborghini gained strategic importance for their parent

company and that this was reducing their own discretion over certain resource orchestration decisions. A feedback loop started to dominate whereby, above a certain scale and complexity and in anticipation of the future important additional growth from the third model, the parent managers' reinvigorated their autonomy reduction efforts:

> *Now [2020], we have more visibility in the group, more attention. Because the bigger you are the more relevant you become for the group, the more the group starts looking at you. And sometimes this also means, on specific topics that are relevant to [VW's CEO], more control. (#17 Director)*

Upward transfers. Corporate strategic integration by accessing parent's resources, through relying on shared product platforms and strictly applying group processes, became again the dominant thesis of this "triple-jump" phase. Another mechanism also eroded the distinctiveness of Lamborghini's resources over the long-term, however. If the parent firm adopts ideas or capabilities developed autonomously by the unit, these upward transfers reduce the distinctiveness of the unit. Over the years, Audi managers started to transfer some of Lamborghini's innovations upward into their own models or processes. For example, Audi introduced an approach to customization which was influenced by Lamborghini's know-how (#28). Audi also started working directly with some of Lamborghini's external suppliers; thus, rendering them suppliers at VW group level. Importantly, Audi started to develop its own capabilities in carbon composite. The body of the Huracán, a platform with the Audi R8, is partially in carbon composite and produced by Audi in its new composite center in Neckarsulm, the historical heart of its competencies in aluminum. In 2016, Audi was in a deep discussion (#30) with Lamborghini to ensure the upward transfer of its carbon composite know-how; thus, temporarily reducing the distinctiveness of Lamborghini's resources.

> *Audi said: "Lamborghini has an excellence in composite. Now, we want to also be a leader in composite. So, we'll invest and build our own competence internally in Neckarsulm. But it's not only to hire people; it is also to know what is behind the process. What is happening now [2016] is that when Audi has a problem, they call us, and we go there. We did the training here for the auto, the press, the new technology. There is now a process to transfer know-how. (#13 Manager L2)*

Hence, as indicated in Figure 5 ("thesis"), the growth in scale, complexity, and strategic importance of the unit, resulting from increased performance, can remain a concerning issue

for the parent managers. These complexity concerns may start dominating their perspective and lead to further autonomy reduction efforts on their part. Furthermore, they may recognize and want to replicate some of the unit's sources of competitive advantage. Over the long-term, these upward transfers of resources erode the distinctiveness of the unit's resources.

Figure 5

Lamborghini managers pull back again. Similar to the first phase, the dialectical tension grew over this third phase because Lamborghini managers increasingly felt that, with VW group's focus on minimizing the number of product platforms, their unit may lose its distinctiveness again. As one director (#25) explains, "*if we go too much in this direction, tending to zero in terms of differences, then we are killing the potential*". Lamborghini's managers have thus gradually counteracted the thesis of VW group's corporate synergies with their antithesis of a Lamborghini way across functions and products, by requesting to "*tailor-make some processes to [their] reality*" (#20):

> *The [VW] group is trying to minimize the number of platforms and components that can be offered to the different brands; it's complexity reduction. Now [2020], we, as Lamborghini, cannot fit in this project. We are moving in the other direction. Lamborghini said, "we cannot have the same engine as [other VW brands]." We need to have different sound, different stroke, different performance. Otherwise, if this is the feeling of a Lamborghini client: game over! (#48 CEO)*

Lamborghini managers perceived that their success with Huracán and Urus gave them more credibility (#17): they had successfully risen to the managerial challenges of a larger scale. They started leveraging their improvement in profitability and their understanding of the competitive dynamics in the super-sports car segments to extend their autonomy:

> *We believe that, compared to the [VW] group, we know much better the customer of a super-sports car. What we are asking is to be free to decide what to use from the [VW] group and what to develop internally, not only in terms of products but also in terms of procedures. We can design and produce a better product, more fitting to the needs of our customers. Whereas if we have to follow all the guidelines from the [VW] group, maybe this is not fitting so much. (#17 Director)*

Audi executives recognized indeed that it was "*not necessary anymore to have supervisors everywhere*" (#28) and that Lamborghini could benefit from adapting some of the processes:

> *At the later days, and even sometimes now, we have the contrary effect: maybe we [Audi] have Lamborghini "too tight" within [VW] group processes and sometimes we lose maybe velocity,*

> *flexibility. Whereas [competitors], which are not that tight within [corporate] group structures, maybe have more flexibility. So, over the last years there was always a discussion: 'hey, give me more freedom now again at Lamborghini because if we have to fulfil all the requirements that you ask from the headquarters we are dead, we are ineffective.' (#49 Audi executive)*

In December 2019, Lamborghini managers advocated their "*own point of view on strategic topics*" (#17) and convinced Audi managers, and the VW board, to accept their proposed product strategy after the Urus and their plan for further renewing Lamborghini's distinctive resources. It was another turning point. The growth in the dialectical tension, between the thesis of strategic integration and upward transfers and the antithesis of protecting the distinctiveness of the unit, led to a synthesis and a third reversal towards regained autonomy:

> *Today [2020], if the group has allowed us to have autonomy, it's because we proved with Aventador, and with Huracán, and with Urus that we are able to choose the right specifications for the products. This is really something that has happened also in the last months at the [VW] group level, not only Audi level, but Volkswagen level. Based on the credibility over a long time period, we have the freedom to decide where we want to have an engagement of the [VW] group or where we want to do things alone, because it's cheaper and faster. (#19 Director)*

> *In the future portfolio that we now want [2020], it's clear that in terms of products we're going to have totally different models and totally different engines compared to the [VW] group. That's why last year [2019] we were pushing so much to keep the [technology] in our portfolio. Because I'm paid, by them, to protect this brand. We fight to make sure they [Audi / VW] understand what are the distinctive characteristics of the portfolio that we want to have for our customers. (#48 CEO)*

After regaining organizational autonomy, Lamborghini directors again started discussions at their board level to review what may be their core competencies for the future (#17) based on their accumulated experience in certain technologies, such as special electrical energy storage systems called supercapacitors:

> *For the moment [2020], we are probably the only brand in the VW group to have ten years of experience in the use of supercapacitors. We had them in the Aventador. We know how to do that. The concept of the [Sián] supercapacitor was developed basically in-house. We already had all the specifications for the [hybrid] traction system, then we defined and developed all the components. We were driving the supplier because we had the competence in-house. (#16 Manager L2)*

Hence, as indicated in Figure 5 ("antithesis"), strategic integration and upwards transfers can erode the distinctiveness of the unit's resources. When the unit managers perceive a discrepancy between the distinctiveness of their construed external image and the distinctiveveness of the future desired image to which they aspire, they increase their autonomy extension efforts to regain discretion in resource orchestration decisions and to

renew their distinctive resources.

Process Model of the Dynamics of Organizational Autonomy

As shown in Figure 6, our complete process model highlights the dialectic, over resource orchestration, between the parent managers' efforts to reduce the unit's autonomy and the unit managers' efforts to extend it. These relationships among prior theoretical constructs are firmly grounded in our empirical data and create a structure of recursive feedback loops which can endogenously explain the complex, longitudinal trajectory of Lamborghini's degree of organizational autonomy over 21 years and across the three temporal brackets.

Figure 6

The process model captures recursive feedbacks underlying the dynamics of organizational autonomy but is not deterministic, as managerial agency plays a key role. Noteworthily, it can generate the oscillations in a unit's degree of organizational autonomy which our empirical data demonstrate.

Managerial agency. The turning points that heralded dialectical syntheses and autonomy reversals depended on the agency and ability to deal with dualities of both the parent's and unit's managers. As a Chairman and CEO of Audi AG emphasizes (#50), the dynamics of organizational autonomy are "*not a law of nature; it's about management principles*". All three Lamborghini CEOs emphasized that the organizational autonomy dialectic requires unit managers to engage with parent managers who are from "*a big planet against a small satellite*" (#26), but also to accept the "*risk of autonomy*":

> *The degree of autonomy you can have is the one you want. Because if you go along with the stream your autonomy level is very small. If you feel that your job is not going along with the stream but trying to lead it in some way, then you have to accept the risk of major autonomy [laugh]. (#24 CEO 1999 - 2004)*

> *This is a constant, open dialogue. You need the openness of both parts. On our side, to understand why a big group works and does things in a way. On the other side, the managers of the bigger company to understand and be open to listen to the other people. This is one of the merits of group that they were always open minded to changes and adaptation. (#26 CEO 2005 - 2016)*

> *You can have two kinds of managers. The ones who are much happier to stay within the comfort of being protected or the ones accepting risk, a lot of risk. [With the first kind], you are in a barque,*

> *but the rowing oars are inside the boat. There is potentially a very big problem of finding yourself in a very comfortable zone because the decisions are always taken by the [corporate] group, not by yourself. It could be very easy. But it's for sure not me. I don't want to go in that direction. I want to challenge the other way around to show that we are strong enough, to make sure that they rely on and trust us on what is best for our brand. (#48 CEO 2016 - 2020)*

Oscillations. Our case empirically demonstrates oscillations in Lamborghini's degree of organizational autonomy with three reversals, between 1999 and 2020, which can be endogenously explained by the structure of relationships in Figure 6. We further abstract our findings and the relationships in the process model to illustrate, as indicated in Figure 7, how a unit's organizational autonomy can fluctuate. The horizontal axis in Figure 7 presents the unit's degree of organizational autonomy (*A* autonomy position) from low autonomy on the left, to high autonomy on the right. At any point in the unit-parent relationship, as indicated by the vertical axis ("direction of net organizational autonomy efforts"), the net autonomy efforts resulting from the recursive feedbacks in Figure 6 will pull the unit managers' resource orchestration discretion towards the direction of either less (left) or more (right) organizational autonomy. Figure 7 also presents the evolution of Lamborghini's degree of organizational autonomy from 1999 to 2020 as a longitudinal trajectory, started on the right by the acquisition and with the three reversals (r) which delimit the temporal phases.

Figure 7

DISCUSSION

We set out to analyze how organizational autonomy can evolve in a unit-parent relationship. Our process theorizing provides an internally consistent and empirically grounded explanation for the dynamics of organizational autonomy, defined as managerial discretion over resource orchestration decisions, in a unit-parent relationship. Based on a detailed longitudinal case study, we propose a process model whose structure of relationships captures the ongoing dialectic between the parent managers' thesis of firm-level integration through autonomy reduction and the unit manager's antithesis of unit distinctiveness through autonomy extension. The concurrent and recursive feedback loops can explain how a unit may regain

organizational autonomy, despite an initial symbiotic post-acquisition integration process; a reversal that current theories in the literature cannot explain. Current frameworks mainly explore conditions for different degrees of organizational autonomy, but say little about identifying and explaining autonomy dynamics. This limitation obscures the importance of recursive effects, potential reversals, or oscillations which could play out on longer timescales. Consequently, they restrict conceptual understanding of how firms deal with the autonomy dilemma and of autonomy trajectories in a unit-parent relationship. Our theorizing captures processes that generate fluctuations, within and beyond a post-acquisition integration phase, over resource orchestration decisions. Hence, our longitudinal study allows us to make two main theoretical contributions that extend the organizational autonomy literature.

First, we provide a process model in Figure 6 which explains the dynamics of organizational autonomy and can endogenously generate the oscillations demonstrated in our empirical data, as illustrated in Figure 7. Second, our process theorizing reveals a strong theoretical link between resource orchestration decisions and dimensions of organizational identity (Gioia, Schultz, and Corley, 2000) that drives organizational autonomy dynamics.

The Dynamics of Organizational Autonomy: A Dialectical Process

Our dialectical model offers a process theory of the dynamics of organizational autonomy and its trajectories. In the Lamborghini case, the unit-parent relationship is triggered by an acquisition and starts from the extreme right in Figure 7, but other unit-parent cases could start from any position on this horizontal axis. Our empirical data demonstrate that the unit managers' degree of discretion over resource orchestration can oscillate, with reversals towards more or less organizational autonomy. As aforementioned, these reversals of the autonomy trajectory are a counterintuitive finding. We refer to the domain in a unit-parent relationship, where oscillations in organizational autonomy are possible, as a harmonic domain. The term harmonic conveys the idea in physical science of coupled oscillations over

time, but also, from a dialectical perspective, that of a synthesis based on mutual openness and respect – a kind of harmony – between both entities (i.e., without destroying or superseding each other, even if disagreements and conflicts exist).

However, several studies have demonstrated that a unit may move towards the extremes of either complete amalgamation within its parent (e.g., Graebner et al., 2017), or, beyond corporate portfolio decisions, of complete organizational separation[7] (Wiedner and Mantere, 2019). Since our data demonstrate the empirical possibility of oscillations, we logically deduce that the harmonic domain may very probably be bounded, so that beyond this domain the dynamic of the process model would make the trajectory of the unit's organizational autonomy bifurcate towards these extremes, leading to Figure 8.

Figure 8

More specifically for the post-acquisition literature, our dialectical model goes beyond the dominant approach which assumes that the parent's resources are excessively favored in a unidirectional (decreasing autonomy) and parent-driven reconfiguration of resources (Graebner et al., 2017); thus overlooking fluctuations of change initiatives and implementations over time (Rouzies, Colman, and Angwin, 2018). Our findings further extend evidence that target managers may play an important role in this integration process (Meyer and Lieb-Dóczy, 2003; Graebner, 2004; Colman and Lunnan, 2011). Moreover, contrary to extant recommendations that a symbiotic acquisition be a transient state before achieving amalgamation, we demonstrate that this is not necessarily the case. Finally, while the M&A literature has investigated whether reducing target autonomy leads to improved performance (Datta and Grant, 1990; Puranam, Singh, and Zollo, 2006), we demonstrate the possibility of reverse causality whereby increased performance leads to additional autonomy;

[7] Amalgamation means that no distinguishable distinctiveness remains and that the unit managers have no discretion over resource orchestration decisions. Separation can take different forms as a de-merger, spin-off, or an autonomous profit center with no, or marginal, synergies.

a finding coherent with recent studies (Wiedner and Mantere, 2019).

The reversals have three important implications for a theory of unit-parent organizational autonomy. First, they show the possibility, and the importance, of oscillations which act as a renewal mechanism in resource orchestration. During movements towards more autonomy, the unit can renew its distinctive resources internally or through absorptive capacity. During movements towards less autonomy, those distinctive resources can be transferred upward to the parent company alongside the downward transfers due to increased scale, complexity, and need for coordination and replication. By releasing their autonomy reduction efforts at a point in time, the parent managers are able to benefit from new upwards transfers later on.

Additionally, these oscillations can also benefit the unit. The value of its relative organizational autonomy relates to the notion that a unit owns some strategic (i.e., valuable, rare, nonsubstitutable and inimitable) resources to a) be preserved for the firm's strategic imperatives, or b) enable a unit's organizational power. However, such strategic resources are temporary and will eventually disappear due to asset erosion (see Dierickx and Cool, 1989), competitors' imitation and innovation, rapid technological evolution, or other environmental changes, as demonstrated by several authors (Wiggins and Ruefli, 2002; D'Aveni, Dagnino, and Smith, 2010; Sirmon et al., 2010; McGrath, 2013). For example, a close competitor of Lamborghini has recently developed similar capabilities in carbon monocoque for a series production. A unit's distinctiveness will also disappear through integration efforts and upward transfers of its resources to the parent. Hence, without strategic resources left, the notion of a unit's organizational autonomy becomes less relevant and, eventually, withers away. Efforts to decrease autonomy will prevail and pull the unit towards amalgamation. Hence, the unit also benefits from the renewal in resource orchestration taking place during the oscillations.

Second, this harmonic domain and the underlying feedback loops presented in Figure 6 contribute to the study of managerial agency in organizational autonomy. By explaining the

central roles of organizational identity and appraisal respect, our process model contributes to an extant literature that has considered the relationship between unit's and parent's managers as an agency relationship to explain organizational autonomy (e.g., Hoenen and Kostova, 2015; Cavanagh et al., 2017), but has overlooked its dynamics. The dialectical perspective explains how initiatives can be developed by a unit's managers and why they are supported by the parent's managers, both missing dimensions in current literature (Cavanagh et al., 2017).

Third, our overall process model leads to the identification of maintaining managerial discretion over resource orchestration within the harmonic domain as a possible, but certainly not universal, solution to the organizational autonomy dilemma in a parent-unit relationship. Our findings shift the focus away from a static study of the degree of organizational autonomy to studying organizational autonomy dynamics with their fluctuations and reversals initiated by both the parent's and unit's managers. Extending or reducing autonomy is only a transient objective, depending on where a unit is in the oscillation cycle in Figure 8. Our results provide opportunities to better understand the timing and pace of oscillations, as well as the amplitude and preservation of the harmonic domain.

Resource Orchestration and Organizational Identity

Our process theorizing and case data offer strong evidence that the desired future image can provide the strategic vision guiding resource orchestration. Moreover, they detail how the stocks and flows of resources, resulting from this resource orchestration, can directly and indirectly influence the desired future image. Hence, they uniquely illustrate how, as summarized by Ravasi, Tripsas, Langley (2020:5), the "concepts of strategy (what we do or plan to do) and organizational identity (who we think we are) are deeply intertwined and mutually influence one another". With Schultz and Hernes (2020), our long-term longitudinal empirical research originally captures a sustained reciprocal interplay between strategy (i.e., resource orchestration) and identity. Moreover, our dialectical approach is particularly suited

to empirically capture the role of discrepancies and misalignments as drivers of managerial agency, complementing and addressing limitations of extant literature which has mainly emphasized alignment and coherence in both concepts (Farjoun, 2019).

Previous research on temporal identity discrepancies has been mostly past-oriented – i.e., misalignment between "who we are" and "who we used to be" (Ravasi, Tripsas, and Langley, 2020). Our findings, on the other hand, demonstrate that the future-oriented temporality of a dimension of organizational identity can drive "configuring" decisions in resource orchestration, providing a vision for the future requisite resources configuration. If the desired future image builds from the past, it also builds on the recent resource orchestration achievements to project new aspirations for the future, being different than "who we used to be". We find that misalignments between the construed image and desired future image can drive managerial agency – i.e., misalignment between "how do we think others currently perceive us" and "how we want others to perceive us in the future". Our process model thus offers a more diverse view of organizational identity and responds to recent calls (e.g., Wenzel et al., 2020) to better capture the identity dimensions associated with strategy-related tasks. These findings concur with and further extend recent work which argues that, through the temporal projection of key characteristics of organizational identity (Venus, Stam, and Knippenberg, 2019), a strategic vision of change includes a vision of continuity. Our dialectical approach also demonstrates how agents can perform identity-consistent resource orchestration in response to a degraded construed image or unfulfilled desired future image, instead of searching for cognitive tactics to cope with them to reduce agents' discomfort and preserve the integrity of their collective self-perceptions (see, Wenzel et al., 2020).

Additionally, while previous studies have focused on identity claims related to decisions about crafting and reinforcing a distinctive position vis-à-vis competitors (Ravasi, Tripsas, and Langley, 2020), our results show that this recursive interplay between identity and

strategy may also occur for a unit vis-à-vis its parent. Asynchrony and discrepancy are ongoing drivers of the dynamics of organizational autonomy in our process model: a unit's identity creates aspirations for the future and enables the search for resource orchestration autonomy to be meaningfully framed by identity. Resource orchestration decisions serve to enact and change an organization's identity. Hence, by focusing on the strategy-identity nexus at the unit level within a unit-parent relationship, our dialectical study extends strategy-identity research.

Recent studies on the strategy-identity nexus have focused on the concepts of alignment and fit, as both are central to the organizational identity and strategy literatures. However, we find in our process model that the concept of distinctiveness should be viewed more centrally. Organizational identity is defined as the central, enduring, and distinctive attributes which position an organization and make it *different* from other organizations in a social space. Strategy is concerned with distinctive resources that make it difficult for other firms to imitate a firm's strategy. This distinctiveness enables the competitive advantage of the firm. Hence, distinctiveness is definitional to organizational identity and teleological in strategy and resource orchestration choices, and as such plays a central role in two parts of our process model: the distinctiveness of the resources and the distinctiveness of the organizational image. Both have an important role in the dynamics and trajectories of organizational autonomy.

Finally, the important roles of organizational identity (i.e., construed and desired future images) and of appraisal respect in our process model complement existing studies on resource orchestration or dynamic capabilities (Helfat and Martin, 2015; Huy and Zott, 2019). Our process model shows that resource orchestration and organizational identity are interrelated and must be considered equally. Moreover, we also address the understudied question of how a firm's resource portfolio influences future resource orchestration actions or changes (Helfat and Martin, 2015), and offer insights into the underlying mechanisms of what

actors do to renew their sources of competitive advantage (Vaara and Whittington, 2012).

Boundary Conditions and Future Research

Our process theorizing provides a conceptual model in Figure 6 which identifies generative mechanisms leading to the empirical oscillations in Figure 7. This in turn allows us to make the inference to an insightful general case, and to introduce the notion of a harmonic domain in Figure 8. However, our process model and the harmonic domain of oscillations have boundary conditions, which offer exciting avenues for further research.

The process model in Figure 6 is relevant to the broad issue of a unit-parent organizational autonomy dynamic in multi-unit settings (i.e., between a subordinate unit and its superordinate parent). It can even bring some insights to organizational restructuring – when an organization makes a major reconfiguration of its administrative structure – implying the reconfiguration of organizational autonomy over resources decisions. However, the dialectic between a unit's organizational identity and a parent's integration logic drives the dynamics in our model. Thus, our process model would not provide new insights for conglomerates pursuing unrelated diversification, where a purely financial perspective is adopted for the management of their portfolio units and unit-parent sharing of non-financial resources is avoided. An absorption acquisition is also a special case of our process model, whereby brutal autonomy reduction efforts constantly dominate the dynamics and bring the acquired unit's organizational autonomy towards amalgamation. Furthermore, if a unit has a weak or rapidly transient organizational identity, the unit managers' autonomy extension efforts would probably be dissipated and the dynamic of the process model would stall.

Moreover, as noted by Langley et. al. (2013), the diagrammatical representation of processes "clearly presents researchers with challenges and trade-offs" to accurately, but concisely, project ongoing dynamics onto a "static two-dimensional page". While the polarity of each relationship is captured unambiguously in a causal loop diagram, the arrows abstract

the causal complexity of the process theorization. The direction of change in each causal relationship is clear, but its strength and shape are a function of managerial agency and idiosyncratic to each organization. For a given unit-parent relationship, each causal arrow may present non-linear effects, dissipation, or hysteresis, which would affect its strength and effectiveness. Hence, autonomy efforts may fail, either because they are superseded by other feedback loops at a point in time or because of weak managerial capabilities to enact certain feedback loops. Moreover, other factors and tensions not captured by our data may influence these relationships. Thus, Figure 6 captures a structure of relationships leading to many possible organizational autonomy dynamics, and the idiosyncratic characteristics of a unit-parent relationship will determine which specific trajectory takes place. Those characteristics must be further identified by future research that examines fine grained components contained in key concepts in our process model.

Strategy scholars would also need to characterize the boundary conditions of a harmonic domain, i.e., finding the ranges of parameters where oscillations in the trajectory emerge and persist. This was not possible in our study given its research design, but future comparative studies could examine the limits by which a harmonic domain is bounded, i.e., when the ongoing dialectical process driving oscillations stops, and the organizational autonomy trajectory bifurcates outside the harmonic domain towards the extremes of amalgamation or separation. The dialectic is driven by the tension between the unit managers' autonomy extension efforts and parent managers' autonomy reduction efforts. Both must be present and probably matching each other's strength, albeit with a time delay (Boumgarden, Nickerson and Zenger, 2012), for autonomy oscillations to exist. In turn, is there a maximum amplitude of autonomy oscillations beyond which a harmonic domain becomes unsustainable?

The harmonic domain also opens other future research questions about its outcomes, management, and the shape of an organizational autonomy trajectory. One question would be

to determine the conditions under which both organizations benefit from maintaining the unit-parent relationship within its harmonic domain, either for ensuring the success of an acquisition or the renewal of a unit's and parent's resources. It would then be important to know how to enable or nurture oscillations in organizational autonomy and resource orchestration. What types of management and control are better adapted to each oscillation phase and allow timely autonomy reversals within the harmonic domain? What frequencies of these oscillations are most productive according to a firm's environment or objectives, such as achieving ambidexterity? For instance, should this rhythm be synchronized with "the industry clock speed" (Fine, 1998) which determines the time available to absorb, accumulate, and transfer new distinctive resources?

CONCLUSION

Based on a case study of Automobili Lamborghini's relationship with its parent company Audi AG over a 21-year period, we present a new process model of organizational autonomy dynamics. Our process theorizing accounts for the central role of the ongoing dialectical tension between the parent managers' autonomy reduction efforts, based on their appraisal respect for the unit's managers and search for firm-wide strategic integration, and the unit managers' autonomy extension efforts, informed by the unit's organizational identity and search for distinctiveness. It also shows how the desired future image in the organizational identity may provide the strategic vision that guides the resource orchestration to renew these distinctive resources and capabilities. Instead of focusing on finding an appropriate, but necessarily temporary, degree of organizational autonomy, our findings demonstrate that managing such a dynamic is important for the unit and parent. The existence of oscillations in organizational autonomy and of a harmonic domain indicates an avenue for strategic management and organization research that is exciting and relevant for managerial practice. Overall, these findings further the current conversation on organizational autonomy towards

examining its dynamics and trajectories, with a process model that can be a basis for future research on these important topics.

FIGURES AND TABLE

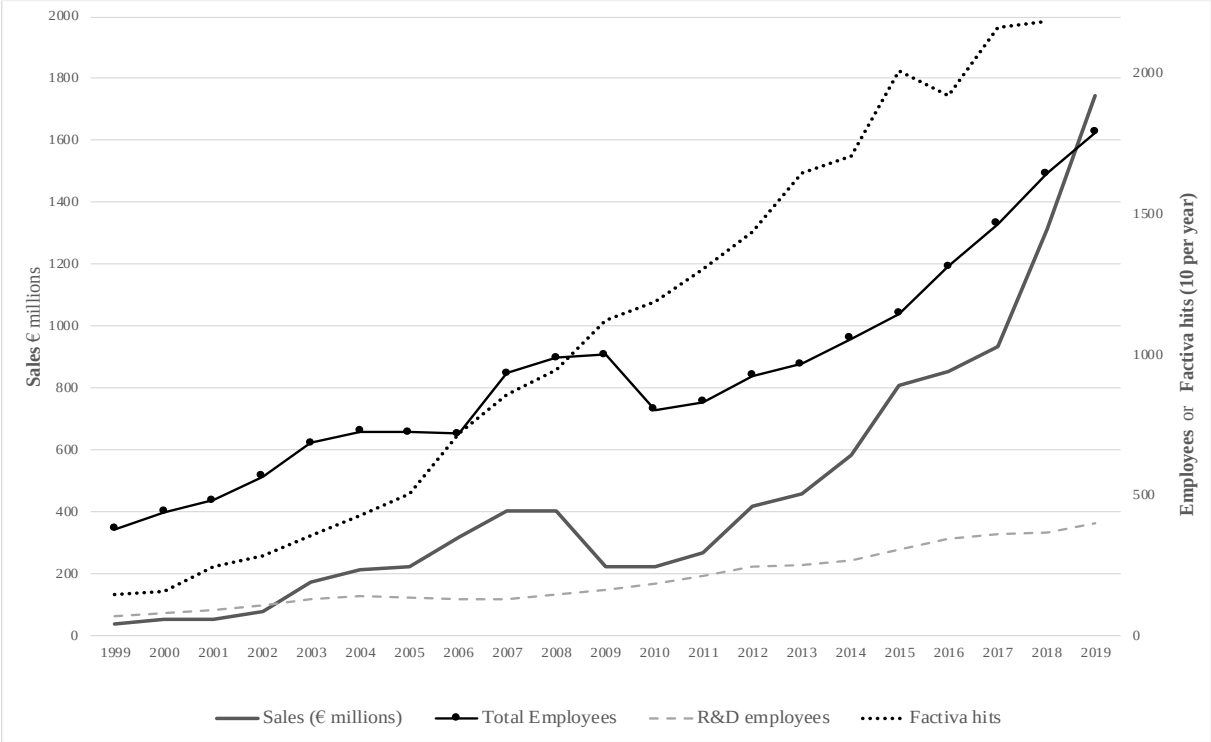


Figure 1: Lamborghini 1999 – 2019: Sales, headcount, R&D employees, and press coverage

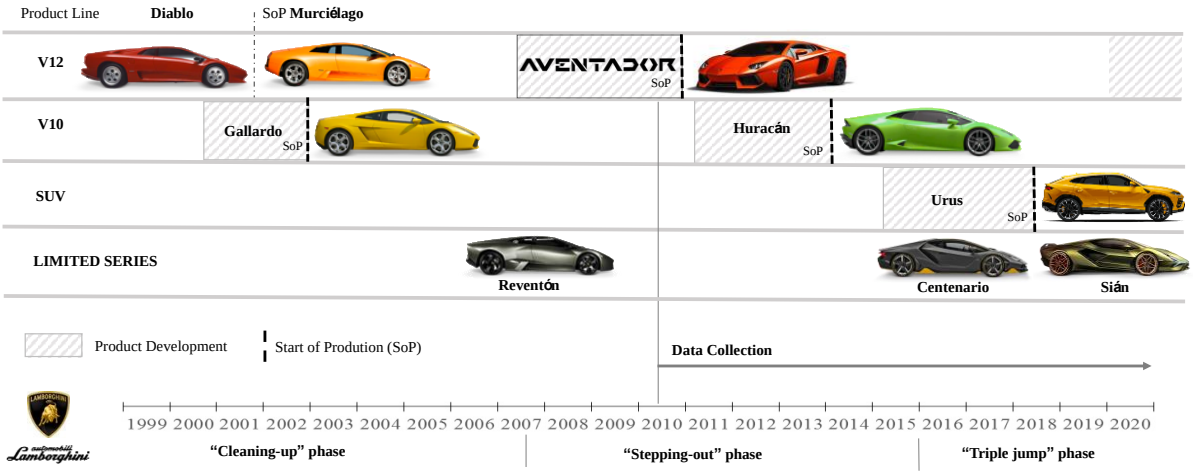


Figure 2 : Products timeline, data collection, and temporal brackets

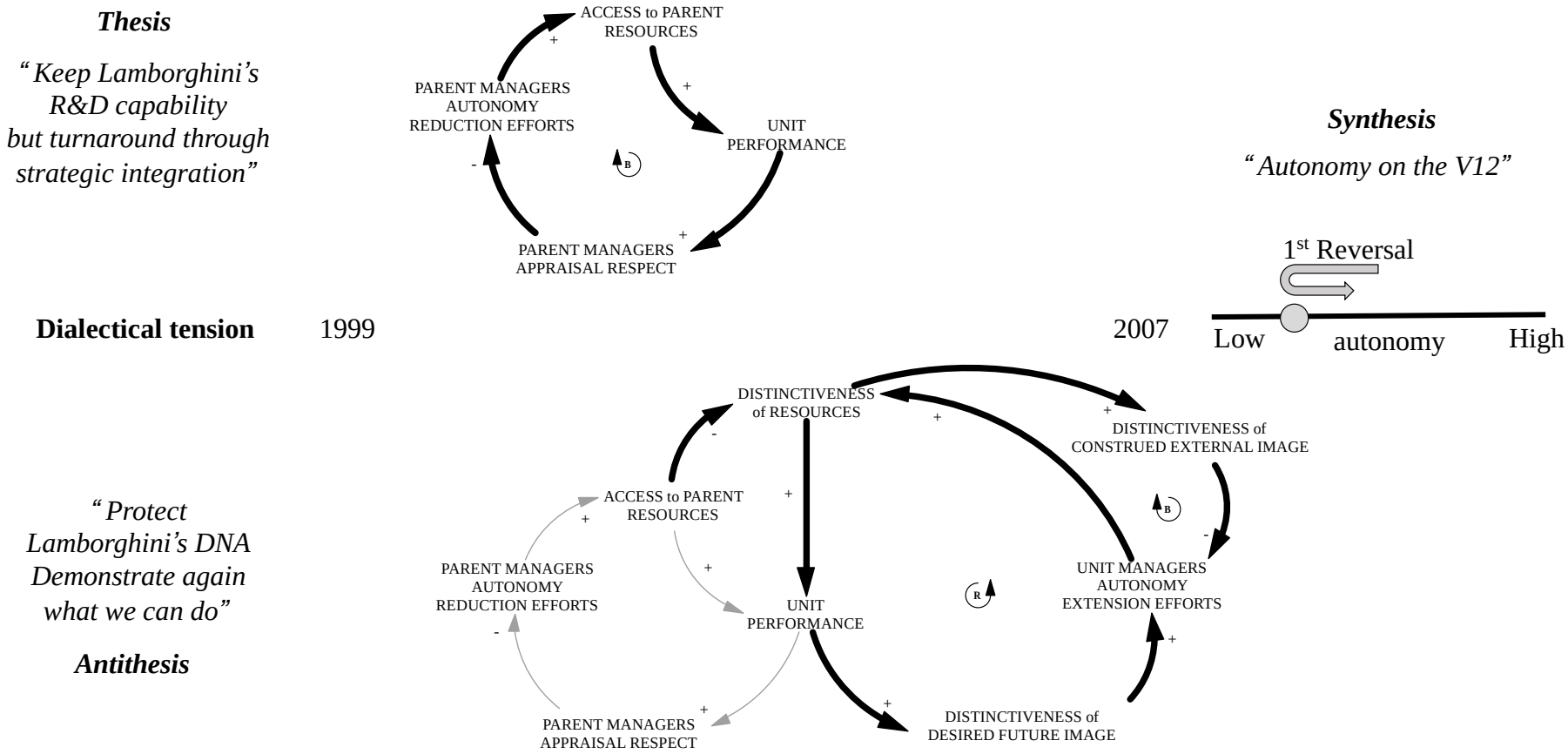
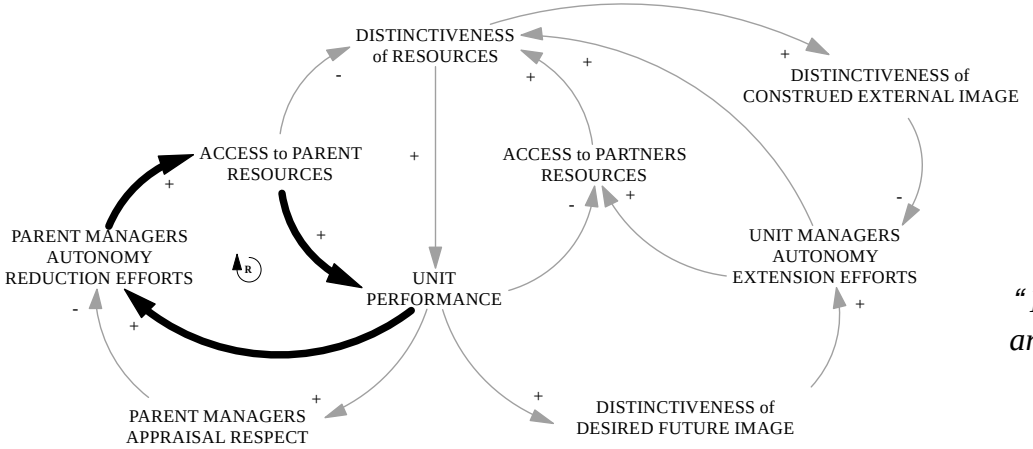


Figure 3: Dialectical tension during the post-acquisition integration "cleaning-up" phase, 1999 - 2007

Antithesis

"Lamborghini, due to its size and importance, must further use the VW Group processes and platforms to keep growing"



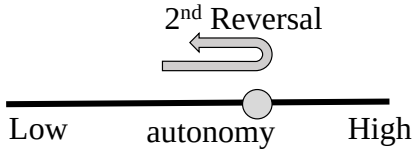
Synthesis

"Huracán and Urus are group platforms"

Dialectical tension

2008

2015



"Lamborghini must be granted more autonomy to renew its distinctive resources"

Thesis

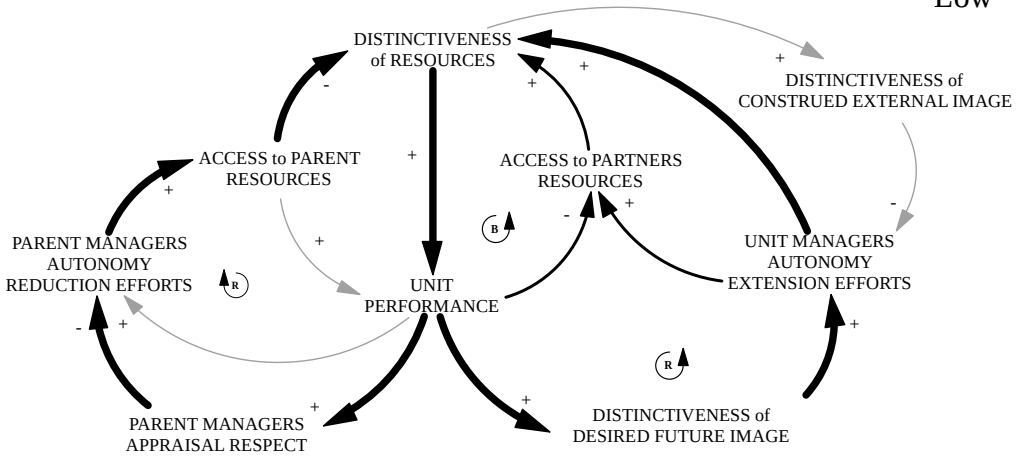
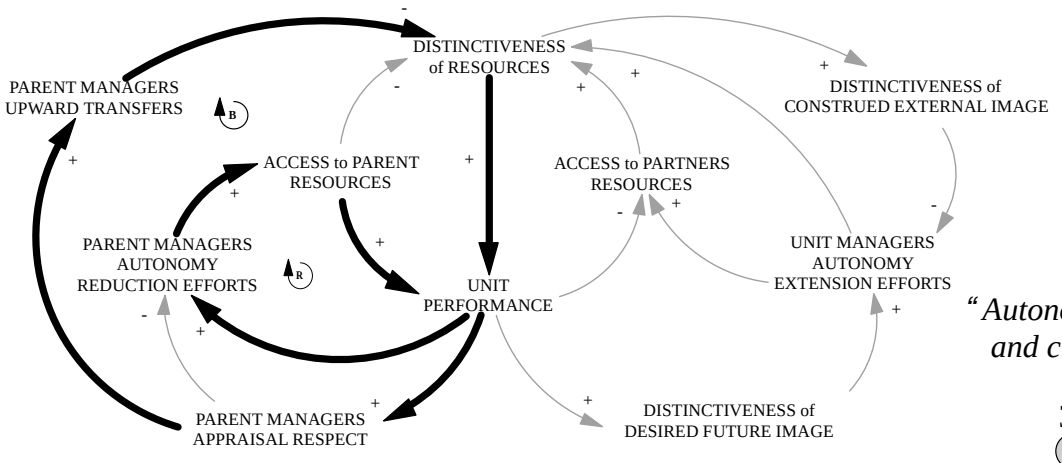


Figure 4: Dialectical tension during the "stepping-out" phase, 2008 - 2015

Thesis

"Upward transfers and minimizing the number of VW Group platforms"



Synthesis

"Autonomy on product strategy and choice over processes"

3rd Reversal

Low autonomy High

Dialectical tension 2016 2020

"The 'Lamborghini way' is different. Look at our performance: we know what's best for the brand"

Antithesis

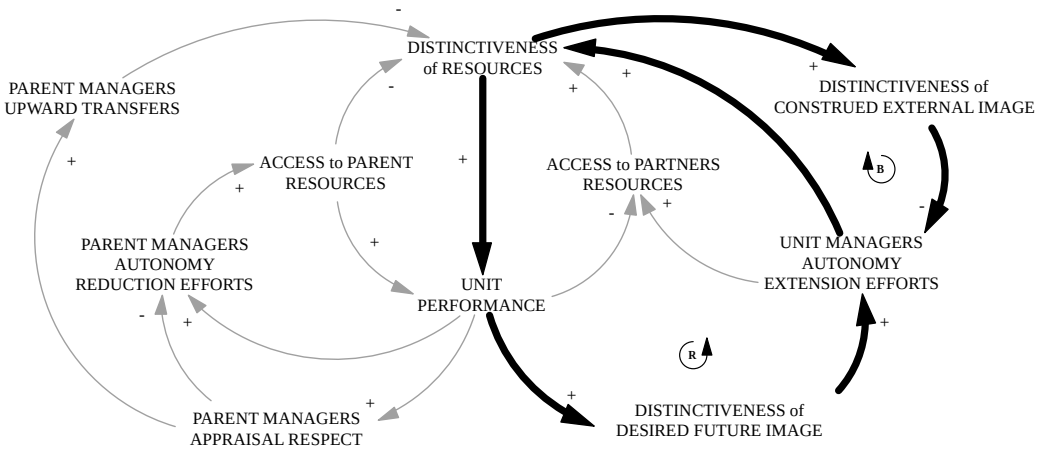


Figure 5: Dialectical tension during the "triple jump" phase, 2016 - 2020

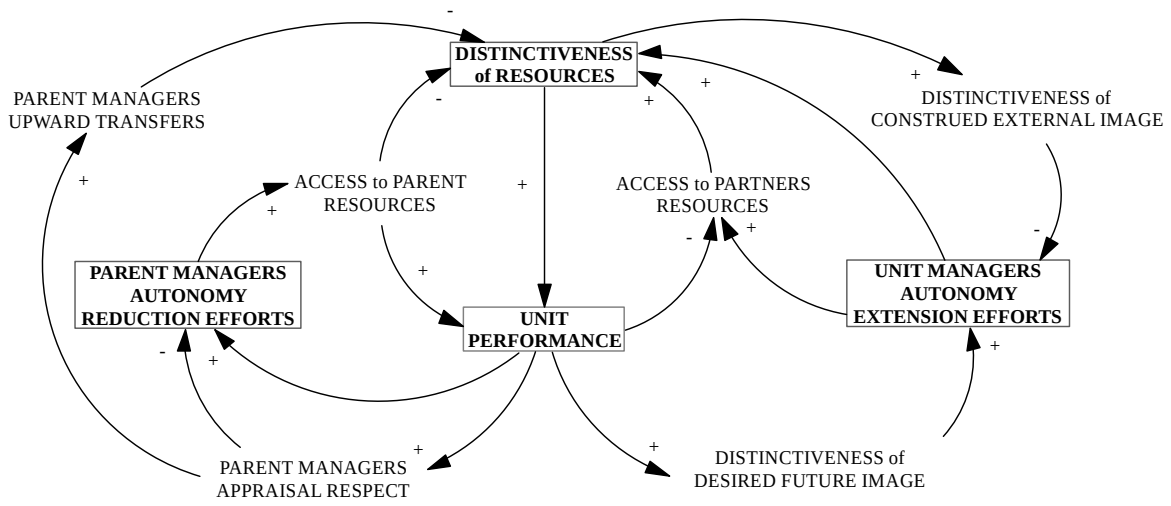
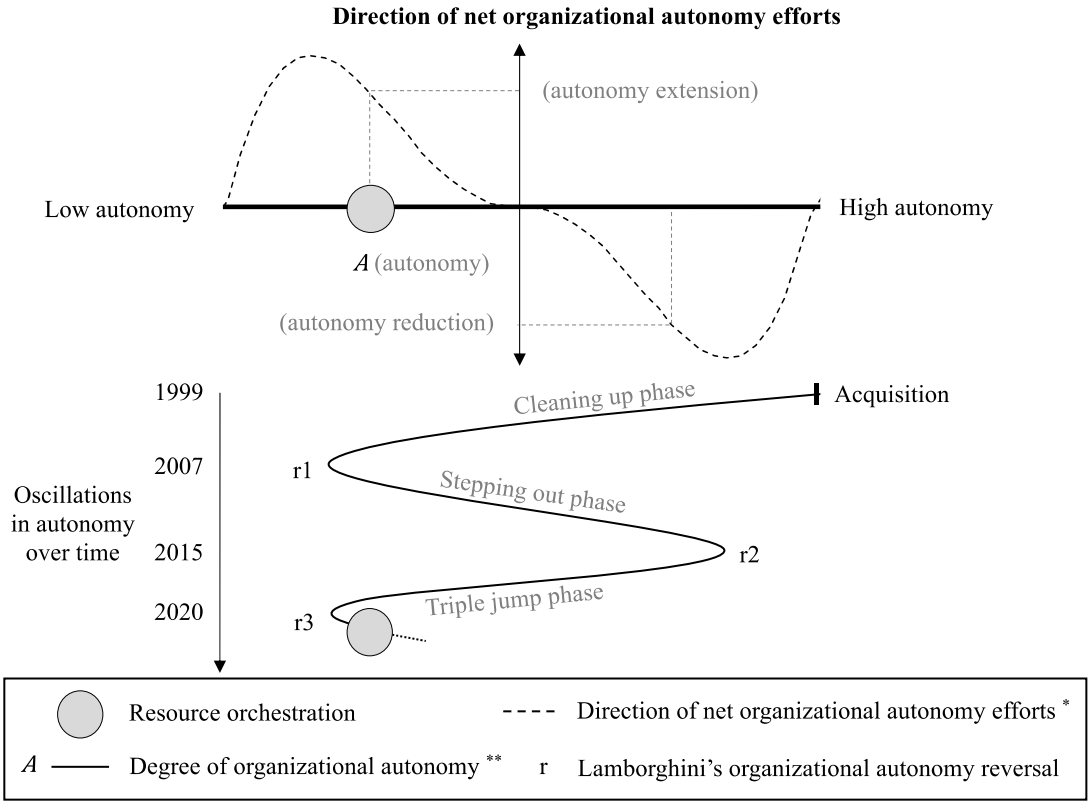


Figure 6: A process model of organizational autonomy dynamics



* The top part shows that at position *A*, the net efforts from the parent's and unit's managers will push the degree of organizational autonomy towards more autonomy (extension). When the degree of autonomy increases to the right of the figure, the net efforts will pull towards less autonomy (reduction). This structure of forces from the model in Figure 6 generate oscillations.

** The bottom part shows the resulting trajectory of Lamborghini's degree of organizational autonomy over time, with the three temporal brackets separated by reversals r1, r2, and r3.

Figure 7: Lamborghini's organizational autonomy oscillations

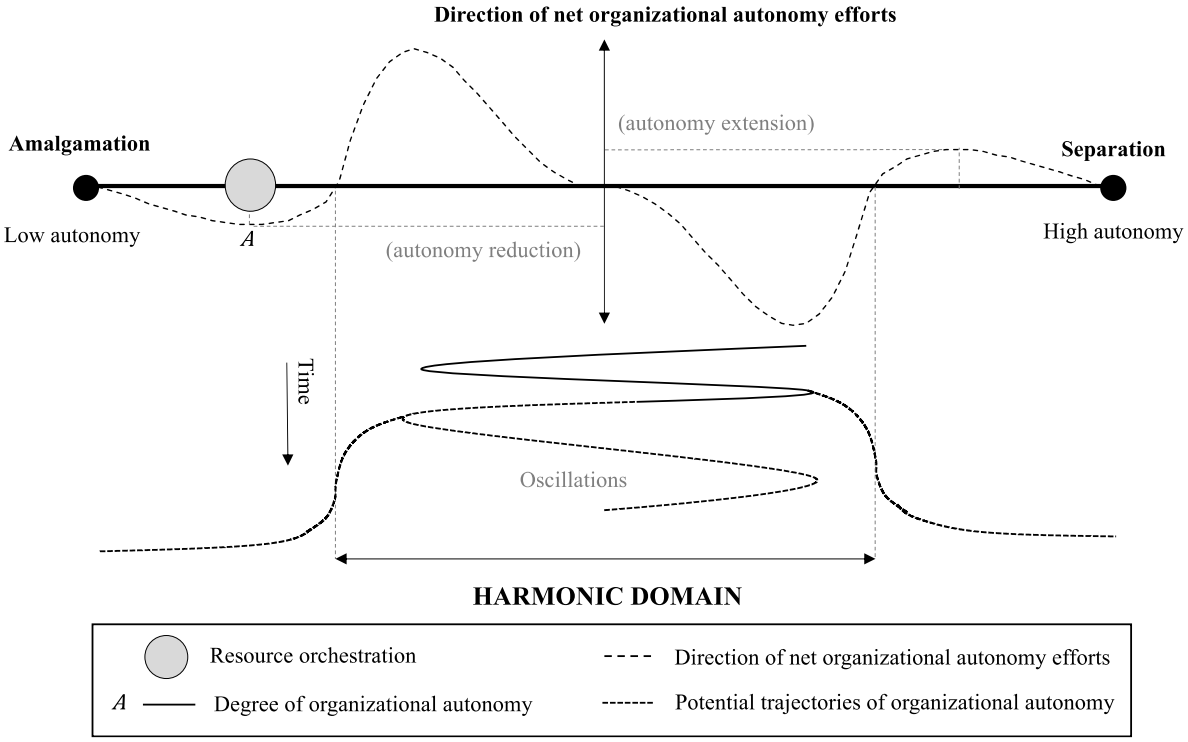


Figure 8: Harmonic domain and bifurcations of organizational autonomy

Table 1: Interviews Lamborghini, Audi, Partners

Informant #	Hierarchical Level	Position	LAMBORGHINI Functions	Tenure since	# of interviews 49 Interviews (2592 min)	Dates of Interviews	Dates of Meetings
24	L0	CEO	CEO	1999 - 2004	1	Nov-17	
26	L0	CEO	CEO	2005 - 2016	1	Feb-16	
48	L0	CEO	CEO	2016 - 2020	1	Mar-20	
22	L1	Director	Design	2003-2016	1	Apr-16	
7	L1	Director	Finance	2004	1	May-13	
23	L1	Director	Finance	2000-2010	1	Apr-16	
25	L1	Director	Human Resources	2006	2	Nov-17 Mar-20	May-19
18	L1	Director	Marketing	2006	1	Jan-16	
2	L1	Director	Production	2002	1	Nov-10	
21	L1	Director	Quality	2015	1	Apr-16	
19	L1	Director	Research and Development	1995	3	Feb-16 Jun-17 Mar-20	May-19
20	L1	Director	Sales / Project Management	1998	1	Mar-16	
17	L1	Director	Strategy	2014	4	Jan-16 Feb-16 Mar-20	May-19
6	L2	Manager	Finance	2010	1	May-13	
1	L2	Manager	Purchasing	2001	3	Sep-12 Feb-13 Feb-16	May-11
8	L2	Manager	Research and Development	2001	2	Sep-12 Feb-13	Feb-15 May-19
11	L2	Manager	Research and Development	2003	1	Sep-13	
12	L2	Manager	Research and Development	2001	3	Nov-13 Nov-13 Nov-13	
13	L2	Manager	Research and Development	2001	2	Nov-13 Apr-16	
16	L2	Manager	Research and Development	2000	3	Mar-16 Apr-16 Mar-20	
3	L3	Buyer	Purchasing	2010	6	Sep-12 Feb-13 May-13	
4	L3	Buyer	Purchasing	2010-2016	3	May-13 May-13 Nov-13	
5	L3	Buyer	Purchasing	2003	2	May-13 Sep-13	
9	L3	Engineer	Research and Development	1998	1	Sep-13	
10	L3	Engineer	Research and Development	1994	1	Sep-13	
14	L3	Engineer	Research and Development	1985-1994 / 2000 -	1	Nov-13	
15	L3	Engineer	Research and Development	2001	1	Nov-13	
Informant #		**Position**	**AUDI Functions**		**6 Interviews (303 min)**	**Dates of interviews**	
27		Director	Quality		1	Apr-16	
28		Director	Quality		1	Apr-16	
29		Director	Purchasing		1	May-16	
30		Director	Research and Development		1	May-16	
49		Director	General Secretary / Head of Corporate Strategy		1	Dec-20	
50		CEO	CEO and Chairman of Board AUDI AG		1	Feb-21	
Informant #	**Embedded Cases**	**Position**	**PARTNERS Functions**		**22 Interviews (1249 min)**	**Dates of interviews**	
31	Supercapacitor	Director	Sales		2	May-14 May-14	
32	Supercapacitor	Manager	Research and Development		1	May-14	
33	Supercapacitor	Engineer	Research and Development		1	May-13	
34	Supercapacitor	Director	Research and Development		1	May-13	
35	Supercapacitor	CEO	CEO		1	May-13	
36	Gearbox	Manager	Sales		1	May-14	
37	Gearbox	Director	Vice President		1	May-14	
38	Gearbox	Director	Head of BU		1	May-14	
39	Gearbox	Engineer	Research and Development		1	May-14	
40	Lifting system	Manager	Sales		1	Jun-14	
41	Lifting system	Engineer	Research and Development		2	Jun-14 Jun-14	
42	Suspension	Manager	Research and Development		1	Jun-14	
43	Suspension	Manager	Sales		2	Sep-14 Sep-14	
44	Suspension	Director	Head of BU		2	Sep-14 Sep-14	
45	Suspension	Engineer	Research and Development		1	Sep-14	
46	Monocoque	CEO	CEO		1	Sep-15	
47	Tailpipe	CEO	CEO		2	Sep-14 Sep-14	
				TOTAL	**77**		
					4144 min		

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